ϵ BHP Petroleum, Inc. (Pbystesa) 1 Navajo 138 Apache 77 NE/4-NE/4 Sec.11-40N-28E SL

OUNTY Apache		Dry Mesa	LEASE NO	Nav 14-20-603-4190
VELL NAME Texa	pullaged (7. s Pacific Coal	A Oil Navajo- 138	SW CORP .*	
		TWP 40N RANGE		660 FNL 660 FEL
		JD DATE 5-11-59	STATUS of the state of	30459 TOTAL DEPTH 6080
CONTRACTOR				
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	324 450		 	RESERVOIR
			INITIAL PR	ODUCTION IP 240 BOPD plus 27 BWPD
		SOURCE		
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			L	
ELECTRIC LOGS	PE	RFORATED INTERVALS	PROD. INTERVALS	SAMPLE LOG Am Strat
	Microlaterlog	5566-5589	5566-5589	SAMPLE DESCRP. SAMPLE NO. 380 & 590
IE				CORE ANALYŞIS x
				DSTs *Tuc. 1047
				wide, 1047
REMARKS THIS	WELL IS COVER	ED BY MONSANTO'S B	LANKET BOND AND	APP. TO PLUG
SHOULD SO BE IN	DICATED. MONS	ANTO IS OPERATOR O	F THIS WELL*	PLUGGING REP.
WATER WELL ACCES	TEN RV			COMP. REPORT X
BOND CO. Tre	release of the	ty Co. Segram & S	BIA ons Mincipell No.	1307271
BOND AMT. \$	5 <i>5,00</i> 0	CANCELLED 4-3	DATE 0-75 ORGANIZATIO	ON REPORT 5-11-69
				PLAT BOOK ×
		•		N/2 NE
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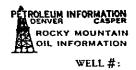
DRILL STEM TEST TO RESULTS NO. FROM SEE COMPLETION REPORT CORE RECORD FROM то RECOVERY REMARKS NO. SEE COMPLETION REPORT REMEDIAL HISTORY DATE STARTED - COMPLETED WORK PERFORMED NEW PERFORATIONS ADDITIONAL INFORMATION

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ARIZONA
APACHE COUNTY
WILDCAT (W)





Twp 40n-28e Section 11 c ne ne 660 s/n 660 w/e

Texas Pacific Coal & Oil OPR:

ELEV: 5952 KB.

C

DSTS. & CORES:

1 Navajo-138 P/N 77 COMPL: 6-27-59 SPUD: 5-11-59

Shinarump 2019
Coconino 2287
Hermosa 4032
Molas 5375
Mississippian 5435
Weathered preCambrian 5737
preCambrian 5790

Tered hairline fractures, bleeding oil; 3 as above w/scattered vugs, numerous hairline fractures, some bleeding oil, also vugs bleeding oil; 3 grey, very finely crys, sli dolomitic ls, numerous vertical fractures, some bleeding oil; 9 as above w/ho vertical fractures, some bleeding oil; 9 as above w/black sh partings & inclusions, 2½ as above w/black sh partings & inclusions. Crd 5052-82, rec 20 ls, light grey, very finely crys to lithographic, scattered black sh inclusions, DST 5037-80, 1 hr, weak blow for 25 min then died, rec 30 mud, FP 0#, SiP (30 min) 475-50#, HP 2315#. Crd 4936-4956½, rec 3 ls, green-grey, very finely crys, dolomitic, hard, tight, w/gas odor on fresh break, very scattered hair-line horizontal fractures, some bleeding oil; 3 as above w/scattered black sh inclusions; 2½ as above w/black sh partings & inclusions. Crd 5052-82, rec 20 ls, light grey, very finely crys to lithographic, scattered black sh styolites, sli petroleum odor on fresh break, scattered dolomitic streaks, foss; 6½ ls, green-grey, shaley to finely crys, foss. DST 5037-80, 1 hr 35 min, good blow immed & thruout test, gas in 2 min, spray of mud in 55 min, A1-959260 (over)

*For Electric Logs on Rocky Mountain Wells-Ask Us!

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TEXAS PACIFIC COAL & OIL #1 NAVAJO-138, c ne ne 11-40n-28e, APACHE CO., ARIZONA - 2

cleared in 1 hr 10 min, six of dist as fine mist, no pipe rec, FP 860-14 . SIP (30min) 1565# - (1 hr) 1460#, HP 2600-259#. Crd 5566-5576½, rec 2 dolo, grey-buff, micro-finely crys, anhydritic, scattered black asphaltic residue, scattered ppp w/zones poor-fair poro, hairline-open fractures, spotty stain & fluor; 2 dolo as above, w/fair stain; 2 dolo, white-grey, finely crys, poor-fair poro, spotty stain & fluor, tight, fractured; 1 dolo, grey, microcrys, scattered black asphaltic residue, foss, fair-good vuggy poro, unfractured, bleeding, good odor; 3½ dolo, grey-buff, finely crys, anhydritic, foss, scattered black asphaltic residue, fair-good vuggy poro, good stain & odor, bleeding. Crd 5576½-90, rec 1½ dolo, grey, microcrys, anhydritic, foss, scattered black asphaltic residue, some coarse dolo crystals, scattered pp to poor vuggy poro, unfractured, good odor, scattered stain, bleeding sli; 3 dolo, brown-black, micro-finely crys, foss, black asphaltic residue, some nodular, siliceous dolo, fair vuggy poro, fair stain & fluor, unfractured, bleeding sli; 4 dolo, grey, micro-finely crys, foss, black asphaltic residue, poor-fair vuggy poro, fractured, bleeding sli; 2 dolo, grey-buff, microcrys, considerable black asphaltic residue, fair-good vuggy poro, fair stain, hairline to tight fractures, fair odor, bleeding; 3 dolo, grey-brown, microcrys, fair vuggy poro, lined w/black asphaltic residue, stain around vugs, fair odor, fractures lined w/realgar, bleeding. DST 5550-92, 1½ hrs, weak blow increasing to strong blow in 10 min, remaining strong for duration of test, gas in 8 min, rec 1200 HG&MCO, 39 gty, no visible wtr, no salty taste, FP 55-470#, SIP(30 min) 2815# ~ (1 hr) 1540#, HP 2920-2910#. Crd 5592-5601, rec 4 dolo, grey-green, microcrys, poor-fair vuggy poro, fractures lined w/realgar, bleeding from salty taste, FP 55-470#, SIP(30 min) 2815# - (1 hr) 1540#, HP 2920-2910#. Crd 5592-5601, rec 4 dolo, grey-green, microcrys, poor-fair vuggy poro, fractures lined w/realgar, bleeding from fractures & vugs, fair odor, spotty stain; 3 dolo, grey, micro-finely crys, grey siliceous dolo w/poor-fair vuggy poro, fractures lined w/realgar, bleeding along fractures & vugs, spotty stain, fair odor; 1 dolo, grey, finely crys, fair-good Vuggy poro, fractured, staining, bleeding sli from fractures & vugs. good odor; 3 dolo, grey, finely crys, scattered vuggy poro, fractured, bleeding sli from fractures & vugs. Crd 5601-17, rec 1½ dolo, grey, microcrys, siliceous, scattered ppp, fractured; 2½ dolo, grey, microcrys, fair-good vuggy poro, tight fractures, bleeding oil & clear non-salty wtr from vugs & fractures; 1½ dolo, microcrys, grey, fair-good vuggy poro, fractured, bleeding oil & clear non-salty wtr from vugs & fractures, fair stain & odor; 2½ dolo, grey, finely crys, (contd)

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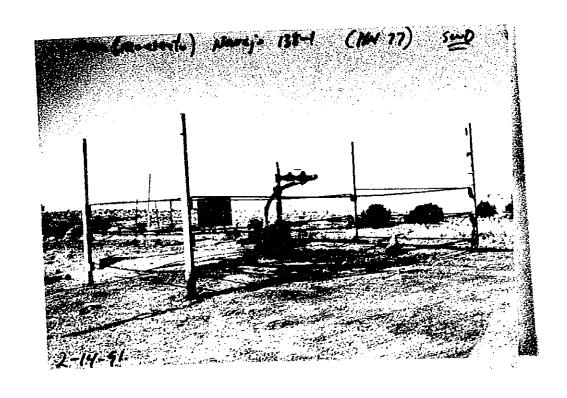
TEXAS PACIFIC COAL & OIL #1 NAVAJO-138, c ne ne 11-40n-28e, APACHE CO., ARIZONA-3

poor-fair vuggy poro,ctured, spotty staining, bleeding oil & clear in-salty wit from fractures & vugs; 2½ dolo, as above, fair-good vugular poro, fair staining, bleeding as above; 1½ dolo, grey, earthy, tight, unfractured, trace staining & fluor; 2 dolo, grey, finely crys, poor to fair vugular poro, fractured, spot ty staining, bleeding oil & clear non-salty wit from fractures & vugs; 1 dolo, grey, finely crys, 10% poro. DST 5592-5618, 1 hr 40 min, immed blow, gas in 4 min, too weak to burn, died in 14 min, blow statted again, licreasing to strong in 24 min & remained strong for duration of test, rec 3095 fluid - 320 HGCM, 1540 O&HGCM, 480 M&WC&HGCO, 755 HG&OCW, FP 160-1305#, SIP (30 min) 2460# - (1 hr) 1550#, HP 2835-2830#. Crd 5618-38, rec 3 dolo, grey, microcrys, poor vugular poro, w/6" zone of large crystals & breccia, few large isolated vugs, scattered black asphaltic residue, hairline fractures bleeding oil & clear, non-salty wir; 3 dolo, grey-buff, finely crys, scattered vugs, hairline-tight fractures, spotty stain around vugs, bleeding as above; 3½ dolo, grey-buff, microcrys, foss, scattered ppp w/zones fair vugular poro & some large crystal filled vugs, scattered staining, bleeding sli as above; 2½ dolo, grey-buff, finely crys w/interbedded crystals, some calc dolo, poor-fair vuggy poro, scattered black asphaltic residue, scattered stain, tight fractures, bleeding as above; 2½ dolo, grey, finely crys, fair vuggy poro, tight, fractures bleeding as above, spotty stain. DST 5618-38, 1 hr, weak blow dying in 12 min, tool bypassed 30 min after opening, no blow, rec 35 mud, FP 40-55#, SIP (30 min) 40# - (1 hr) 920#, HP 2905-2905#. Crd 6070-80, rec 9 quartzite, coarse, angular to subangular, arkosic, w/occasional very thin lam of green & maroon waxy sh, possibly some are fracture fillings; 1 arkosic quartzite as above but fine in nature, band of grey-green waxy sh. quartzite as above but fine in nature, band of grey-green waxy sh.

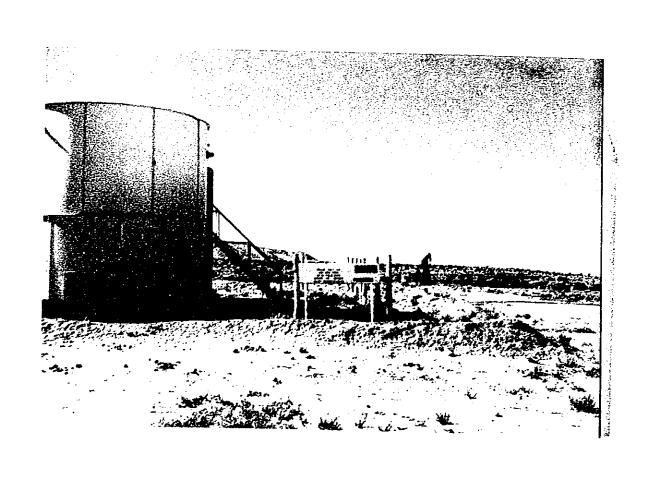
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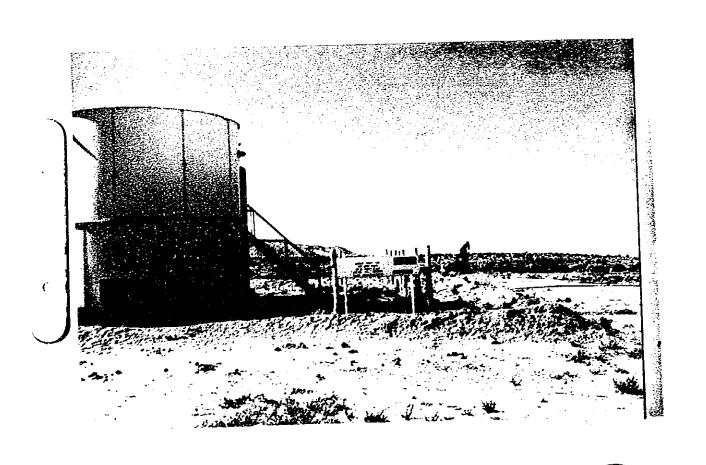
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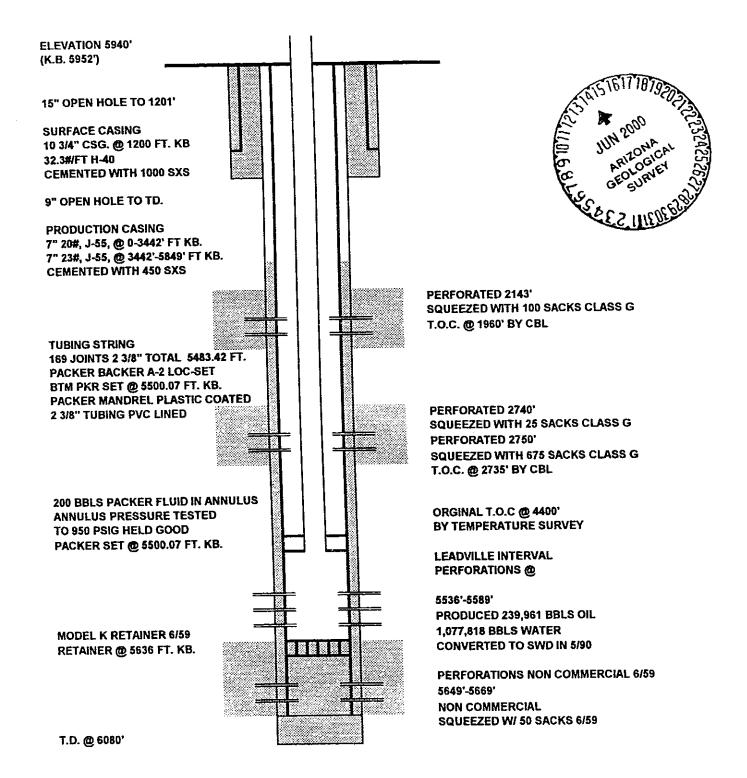
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DRY MESA #1
NAVAJO TRACT 138
WATER DISPOSAL WELL.
NENE SECTION 11 T40 R28E
DRY MESA FIELD
APACHE CO. ARIZONA
WELLBORE SCHEMATIC

P/N 77



PREPARED BY MICHAEL T. HANSON 06/12/2000

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P.O. DRAWER 3337 **FARMINGTON, NM 87499** OFFICE: 505-327-0356 FAX: 505-327-9425



June 12, 2000

United States Environmental Protection Agency 1235 LaPlata Hwy. Suite A Farmington, NM 87401

Class IID Injection Well Navajo Tract #138 Dry Mesa Field

US EPA Permit No. NAS90000002



Dear Mr. Walker:

Attached is the wellbore schematic that you had requested for the Navajo Tract #138 Dry Mesa #1 Disposal. This well was worked on in October 1997 and December 1997. In October the well was cleaned out to 5630 Ft. K.B., tubing was inspected and a rental string was installed. Tubing was replaced in December with New PVC lined 2 3/8" 4.7#/ft J-55 EUE 8 RD.

The tubing casing annulus was tested each time the well was pulled. In addition two other times, once with the Navajo EPA witnessing and the latest last month for the state of Arizona. Tubing casing annulus was tested to at least 700 psig and held for 30 minutes.

If you have any questions or need any additional information please do not hesitate to contact Chris Coleman or myself at 505/327-0356.

Thank you very much.

Sincerely,

Coleman Oil & Gas

Michael T. Hunson

Michael T. Hanson

CC:

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USA EPA Region IX, San Francisco, CA

BLM, Farmington NM

Oil and Gas Conservation Commission, Tucson AZ

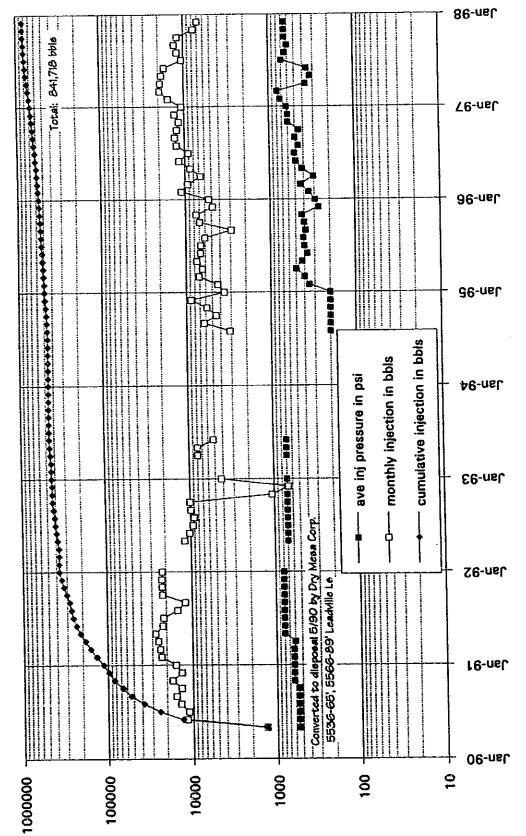
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WATER DISPOSAL AT 1 NAVAJO-138 (77), DRY MESA FIELD, ARIZONA: 5/90 -- 12/97



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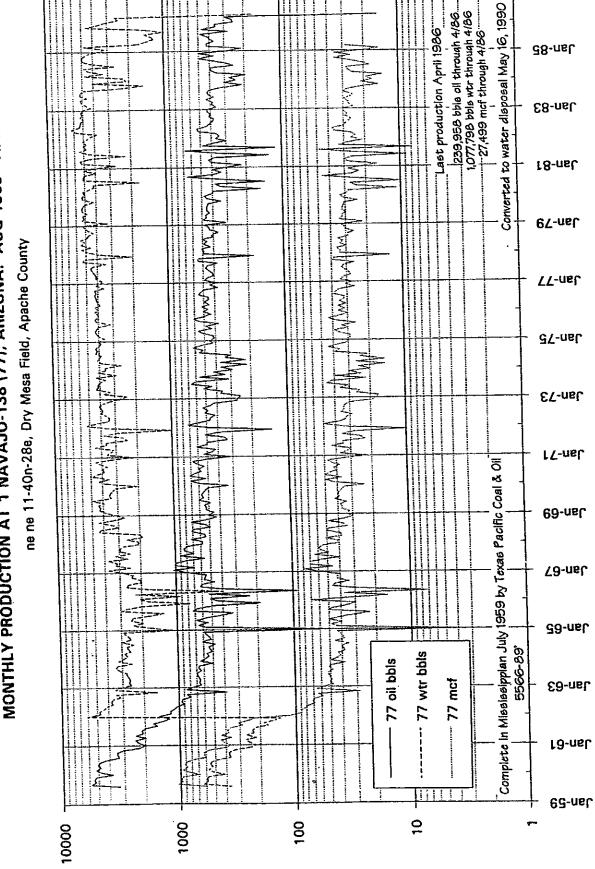
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MONTHLY PRODUCTION AT 1 NAVAJO-138 (77), ARIZONA: AUG 1959 - APR 1986



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SUNDRY NOTICES AND REPORT ON WELLS

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DRY MESA CORPORATION PROPOSED WORKOVER SUMMARY (REVISED 3/8/94)

Dry Mesa Corporation has requested that funding be granted to do workovers on wells in Dry Mesa Field, Apache County, Arizona. The purpose of the workovers is to raise the oil and gas production and thereby raise income from Dry Mesa Field. A summary of the field's present condition, proposed work, cost estimate for such work, and expected results follows.

PRESENT FIELD CONDITION

Due to factors listed elsewhere in this summary, Dry Mesa Field has been essentially shut down since June, 1993. Dry Mesa Field contains three gas wells, one oil well, and one water disposal well. If the wells were capable of producing at full capacity, this would be their current state:

Gas Well #2 could be expected to produce 250 - 400 MCF/day
Gas Well #5 could be expected to produce 35 MCF/day
Gas Well #3 will not produce against line pressure, 0 MCF/day
Oil Well #6 could be expected to produce 30 - 35 bbls oil/day

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SWD Well #1 This well is needed to dispose of produced water from #6. Well #6 is not economic without well #1.

TOTALS: 285 - 435 MCF/ day 30 - 35 bbls oil/day

Monthly Income (less royalty and gas transport fee of 27%): \$19,800 (low) - \$ 26

Monthly Income (less royalty and gas transport fee of 27%): \$19,800 (low) - \$ 26,500 (high) (assuming Gas Price \$1.80/ MCF & Oil Price \$14.00/bbl)

Current Operations

The gas sales line experiences freeze ups during the coldest winter days. This situation will require a dehydrator to fix. This will not be necessary until next October or November.

Dry Mesa Corporation is paying Western Gas Processors 27% of the produced gas for their services of gathering, metering, transporting, and selling Dry Mesa gas. Western has agreed in principle to reduce this 27% cost to 15% provided Dry Mesa raise gas production by working over at least two of the wells. This 13% drop in rate with no real drop in service makes a strong argument for working over at least two wells initially. Dry Mesa and Black Rock Field wells typically have high initial production rates with a steep monthly decline until the production rate reaches approximately 600 MCF/day. At 600 MCF/day, the decline rate moderates. For this reason, it is most financially beneficial to have the gas contract changed as early in the well's life after the workover as possible. Another advantage of working over the wells one after another is the potential savings in rig move expenses and possible volume discounts from the service companies.



CHEST STREET, STREET,

This well has excellent potential in 4 other zones. These 4 zones have been judge to be commercial and productive by DST, core, gas flows during the redrill, and/or production in equivalent zones in Black Rock Field wells. Estimated reserves after the workover are .9 - 1.1 BCF. Initial production should be in the 800 to 1,500 MCF/day range.

This well should be in good mechanical shape; packer refurbishing should be the only equipment expense needed.

The existing lined drill pit can be used for workover fluid evaporation from this well and Well #2. The BLM has requested that the pit be substantially reduced in size but will allow it to remain in it's present condition if it is being used for a constructive purpose. Eventually, there will be a pit size reduction expense (requiring bulldozer work) for this well.

Proposed Workover

- 1. kill well, remove wellhead, nipple up BOP stack
- 2. pull tubing and packer
- 3. run casing scraper to TD
- 4. perforate four zones (45' total)
- 6. acidize using straddle packer, plan on 50 gal 28% HCL per ft of perf, total acid volume 2,250 gal. (this is a very small acid treatment)
- 7. run tubing and packer, nipple down BOP, install wellhead
- 8. swab and flow well.
- 9. 4 point test well.
- 10. hook up well to sales meter and produce.

Economics

A cost estimate for the proposed workover and a table displaying various production and economic models for Well #5 are included in this summary. The estimated workover cost for this well is \$24,000 (high) - \$20,000 (low). The first month's income after workover is estimated to be \$57,000 (high) - \$26,000 (low). Payout will occur within the first month in either model. Gross Income for the first year (less royalty and gas transport fee) would be \$368,000 (high) - \$209,000 (low).

Well #6 and Well #1

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Well #6 may need it's pump replaced. This is a very normal expense; pumps last for 6 months to 2 years and it is time for a replacement. Since the well has been shut in for 8 months, normal maintenance will need to be done on all of the pumping equipment. The well has always responded with flush production when ever it has been shut-in for extended periods. It is estimated that the initially daily oil production rate could be in the 55 bbls/day range. This flush production will taper off over several months and production should stabilize around 35 bbls/day. The well will be able to maintain 30+ bbls/day for the entire year.

Well #6 produces approximately 500 bbls water/day. For this reason, it is absolutely necessary to have disposal Well #1 in operation. The injection line and pump were in operating order when last shut in.

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The water volume meter that is required for this well by the EPA will need to be repaired or replaced.

Procedure:

Start up well, observe for pump condition, if the pump appears shot, proceed with replacement,

Proposed Workover (if needed)

- 1. unhook pump jack, nipple up BOP
- 2. pull rods and pump
- 3. replace pump, run in pump and rods
- 4. nipple down BOP, hookup pump jack

Economics

A cost estimate for the proposed workover and a table displaying various production and economic models for Well #6 and #1 are included in this summary. The estimated workover cost for these wells is \$8,350 (high) - \$2,250 (low). The first month's income after workover is estimated to be \$19,250. Payout will occur within the first month. Gross income for the first year would be \$151,700.



Well Cost Estimate Sheet

(costs are estimated based on similar past service)

Prepared for: Dry Mesa Field - Well # 6 and 1

ttem .	Price per/	Est. Time or Volume	Item Total
Well #6	•		
Rig Time	\$1,800 / day	2 days	\$3,600
Pump Replacement			\$2,500
P. M. on Motor, Jack, and Treater	(oil and filters, g	askets, antifreeze, etc.)	\$500
Well #1			
P. M. on Injection Motor	(oil and filters, g	paskets, antifreeze, etc.)	\$250
Water Volume Meter Repair/Replace			\$1,500
15% Contingency			\$ 1,253
TOTALS			\$9,603

Both wells were in operating condition when shut-in in June 1993. The pump may or may not be bad in well #6. After performing routine maintenance on the well's engines and other equipment, Well #6 should be produced for several days to evaluate the oil pump's condition. If it is acceptable, this workover will not be necessary at this time.

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BEPRATMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT SUNDRY NOTICES AND REPORTS ON WELLS Do not use this form for proposals to drill or to deepen or reentry to a different reservoir. SUBMIT IN TRIPLICATE 1. Type of Well	PORM APPROVED today Bureau No. 1004-0135
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Do not use this form for proposals to drill or to deepen or reentry to a different reservoir. Use "APPLICATION FOR PERMIT—" for such proposals Na v	20-603-4190
Submit in triplicate	dian, Allonee or Tribe Name
SUBMIT IN TRIPLICATE Type of Well	a jo
Type of Well	nit or CA, Agreement Designation
Subsequent Report Subs	
2. Name of Operator Dry Mesa Corporation 3. Address and Telephone No. p. D. Box 5446, Farmington, NM 87499 (505) 325–2058 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 11. Corporation of Well (Footage, Sec., T., R., M., or Survey Description) 12. CHECK APPROPRIATE BOX(s) TO INDICATE NATURE OF NOTICE, REPORT, OF TYPE OF SUBMISSION TYPE OF SUBMISSION TYPE OF ACTION Notice of Intent	Name and No.
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	es ⊌as 600 psi,
14. I hereby certify that the foregoing is true and correct	4/7/92
Signed Bob Hund Geologist	Date
(This space for Federal or State office use)	
Approved by Title Conditions of approval, if any:	Date

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*See Instruction on Reverse Side

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Tract 138 - Well #1 WATER DISPOSAL WELL T40N R28E NE NE Section 11 Dry Mesa Field Apache Co., Arizona ELEV. 5940' (K.B. 5952') as of 5/8/92 15" OPEN HOLE to 1201' 10-3/4" SURFACE CASING @ 1200' CEMENTED TO SURFACE W/ 1000 SACKS 2-7/8" J-55 PLASTIC COATED TUBING to 5515' PACKER FLUID in ANNULUS T.O.C. after SQUEEZE @ 1960' by CBL PERF 2143' SQUEEZED W/ 100 SACKS CLASS 'G' PERF 2740' SQUEEZED W/ 25 SACKS CLASS 'G' T.O.C. after SQUEEZE @ 2735' by CBL PERF 2750' SQUEEZED W/ 675 SACKS CLASS 'G' ORIGINAL T. O. C. @ 4400' by TEMPERATURE SURVEY **BAKER LOCK - SET PACKER LEADVILLE INTERVAL** 9" OPEN HOLE PERFS 5536' - 5589' to T.D. Produced 239,961 bls Oil & 1,077,818 bls Water Converted to SWD well in 5/90 MODEL 'K' RETAINER set 6/59 PLUG BACK DEPTH 5636' 7" PRODUCTION CASING PERFS 5649' - 5669' NON COMMERCIAL SQUEEZED W/ 50 SACKS (6/59) 0' - 3442' 20# J-55 23# J-55 3443' - 5849' **CEMENTED W/ 450 SACKS**

TOTAL DEPTH 6080'

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ederal, State or Indian Lesse Number.	Field			ervoir	
Tederal, State or Indian Lease Number, $\frac{1}{4-20-603-4190}$.	rv Mesa		Leadvi	lle
urvey or Sec-Twp-Rge	County	TY FICSU		State	:
ec 1,2,11,12, T40N,R28	E Ap	ache		Arizona	~
Dry Mesa Corporat					
		ESPONDENCE C	ONCERNIN	G THIS FORM TO:	
P. O. Box 5446		ington		New Mexi	co 87499
Above named operator authorizes (name of t Gary-Williams Energy C	•	ion			
Transporter's street address	City			State	
370 17th Street, Suite	5300	Denver		Colorad	o 80202-5653
Field address			0.7.43.0		
89 Road 4990, Bloomfie		Mexico	87413	head gos	
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To transport 100	% of the	oil			from said lease.
OTHER GATE	ERERS TRAN	SPORTING FRO	M THIS LE	ASE ARE AS FOLLOWS:	
Name of gatherer		% transporte	d Pr	oduct transported	
					
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This form is submit The change was effe The undersigned certifies that the rules and drilling and producing operations on this less percentage of the allowable oil or gas produ	regulations of tee, except as no	the State of Arizoted above, and t	ona Oil & C	das Conservation Commis	sion have been complied with
or until cancelled by the State of Arizona O	il & Gas Conse	rvation Commiss	lon.		
CERTIFICATE: I, the undersigned, under the	e penalty of pe	rjury, state that	I am the	President	of ti
Dry Mesa Corporation prepared under my supervision and	(c	company), and th t that the facts st	nat I am auf lated thereir	horized by said company are true, correct and con	to make this report; and that the
					1
August 24, 1990			J.	ature Q	Luf
	 				
Date approved:					
STATE OF ARIZON)			
By (SwD)	100/00				
Permit No.	- ·		•	STATE OF DIL & GAS CONSERV	ATION COMMISSION
			l Ob	erator's Certificate of Con Transport Oil or	ipliance & Authorization to Gas from Lease

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WELL COMPLETION OR RECOMPLETION REPORT AND WELL LOG DESIGNATE TYPE OF COMPLETION: Different Reservoir Oil Gas Dry D Plug Work-Reservoir Deepen 🔲 Wall \square Back DESCRIPTION OF WELL AND LEASE Address Operator P.O. Box 5446, Farmington, New Mexico 87499 Dry Mesa Corporation Field & Reservoir Federal, State or Indian Lease Number or name of lessor if free lease Well Number Leadville Dry Mesa #1 BIA 14-20-603-4190 County **Apache** 660' FNL, 660' FEL Sec. TWP-Range or Block & Survey NEL NEL NEL Sec. 11; T40N, R28E Elevation of casing Elevation (DF, RKB, RT or Gr.) DF 5950.6 f Date total depth reached Date completed, ready to hd. flange 5940 Date spudded produce feet 6-24-59 If this is a dual or triple completion, furnish separate report for each com-5-11-59 Single, dual or triple completion? P.B.T.D. Total depth Single 5634 6080 Cable tools used (interval) Rotary tools used (interval) Producing interval (s) for this completion None 0 - 60805566' 5589' Was copy of directional survey Was this well directionally drilled? Was directional survey made? Date filed Type of electrical or other logs run (check logs filed with the commission) **Enclosed** CBL, Radioactive Tracer, Injectivity Test CASING RECORD Casino (renort all strings set in well — conductor, surface, intermediate, producing, etc.) Amt, pulled Sacks cement Depth set Weight (lb./ft.) Size casing set Size hole drilled Purpose 1000 0 1200' 40.5 10 3/4" 15" Surface 0 5824 450 20.23 Production LINER RECORD TUBING RECORD Screen (ft) acks coment Bottom Top Packer set at Depth set Size 5540 ft. 2 3/8¹¹ in. ft. ACID, SHOT, FRACTURE, CEMENT SQUEEZE RECORD PERFORATION RECORD Am't, & kind of material used Depth Interval Size & type Number per ft. <u> 5566' - 5589'</u> <u>Jet</u> 2750, 2740, 2143 | Cmt Sq w/675, 25, 100 | Class "G" Jet Producing method (indicate if flowing, gas lift or pumping-if pumping, show size & type of pump:) Date of first production Water Disposal
Oil prod. during test Oil gravity Water prod. during test Gas prod. during test Date of test Hirs, tested Choke size NA *API (Corr) bbls. NA bbis. NA Gas-oil ratio NA ater Calited rate : Lapjuë brussare duction per 24 hrs. MCF bbls. 230 psi 150 psi Disposition of gas (state whether vented, used for fuel or sold): President CERTIFICATE: !, the undersigned, under the penalty of perjury, state that I am the_ (company), and that I am authorized by said company to make this report; and that this Dry Mesa Corporation report was prepared under my supervision and direction and that the facts stated therein are true correct and domplete to the best of my knowledge. STATE OF ARIZONA (Water Disposal Conversation) OIL & GAS CONSERVATION COMMISSION Well Completion or Recompletion Report and Well Log

File One Copy Form No. 4

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Permit No.

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Well Rework Record Dry Mesa Corporation Navajo Tract 138 #1

5/8/90

Removed pumpjack, engine, and surface equipment. Rigged up R&S Well Service Rig #27. Pulled rods, pump, and 2-3/8" tubing. Fluid level found at 2400'. TIH w/ casing scraper. Tubing hydro-tested to 5000 psi on trip in. Replaced one joint. TOH w/ scraper. TIH w/ packer and retrievable bridge plug. Set plug at 5530'. Conducted Mechanical Integrity Test (present were: George Robin - EPA, Steve Rauzi - Arizona O&G Commission). Pressured casing to 1170 psi and held for 45 minutes. Pressure after 45 minutes - 1170 psi. Test successful. Tripped tubing up hole and set packer at 2600'.

5/9/90

Apollo Perforators rigged up. Casing was perfed at 2750' w/ 3 shots. Perfs were circ w/ fresh water. Could pump w/ 250 psi into perfs w/ no returns to surface. Dowell rigged up to squeeze. Pumped 675 sacks Class 'G' at 5-6 bls/min w/ 2400 psi. Hydraulic hose blew on mixing truck and was unable to pump remaining cement (900 sacks were called for). No returns were noted at surface. Squeezed cemt w/ 2000 psi.

5/10/90

Installed flowline, wait on cemt.

5/11/90

Drilled out cemt (cemt very hard). Apollo ran bond log from 3000'-2400'. Found good bond from 2656'-2668', poor to fair bond from 2750'-2668', and very little cemt above 2650'. Pressure tested squeeze perfs at 2750' to 1200 psi for 45 min. Tested good. Apollo perfed casing at 2740' for squeeze #2 w/ 3 shots.

5/12/90

Rigged up Dowell. Attempted to pump 50 sacks Class 'G' into perfs. After 25 sacks, tubing pressured to 3300 psi. Shut down cementers and reverse circ remaining cemt out of casing. WOC

5/13/90

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Rigged up Apollo and perfed at 2143' w/ 3 shots. Pumped 100 sacks Class 'G' at 2 bls/min w/ 1500 psi. WOC

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5/14/90

- DE RUM

Drilled out cemt. Ran CBL over squeeze intervals. Log showed good bonds. Pressure tested casing to 1200 psi for 30 min. No loss in pressure — test good. Ran CBL from plug @ 5530' to 1000'. Log showed excellent bond from 5530'-5350' and appreciable cemt to 4550'. TIH to retrieve plug.

5/15/90

TOH w/ plug. Prepared to run radioactive tracer survey. Survey tool leaked RA material on first pass. POH w/ tool and repaired it. RIH w/ survey tool & ran test. Test showed no channeling.

5/16/90

TIH w/ injection packer and tubing. Tested packer on trip in, packer would not release. Sheared pin in packer and TOH. Redressed packer and TIH. Set packer at 5540'. Circ hole out w/ 200 bls packer fluid. Pressured up casing to 200 psi. Pressure bled off. Rigged up H&H Wireline for injectivity test using down-hole Amerada gauge. Pumped at 4 step rates. Maximum surface pressure recorded was 655 psi. Casing pressure was 0 psi indicating packer was not leaking. TOH w/ tool. Re-tensioned packer w/ 40,000 lb pull and bled air out of annulus. Pressured tubing to 150 psi. Pressure held. Rigged up wellhead and connected flowline.

Well ready to commence disposal when engine is connected.

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Construction Notes

Tubing

Existing tubing was hydro-tested to 5000 psi. One joint was replaced.

Casing

The casing was pressure tested three times to 1200 psi with no drop in pressure on any test. Tests witnessed by George Robin - EPA

Cement Squeezes

The casing was perfed at 2750' w/ 3 shots and squeezed w/ 675 sacks Class'G' cement. It was hoped to get cement to surface but the CBL showed very poor bonding over a 150' interval and very little cement above 2650'. EPA determined that cementing to surface would be impossible and decided that a plug separating the De Chellys at 2690' from underlying formations and a plug separating the Winngate at 2000' from underlying formations would be acceptable. The casing was perforated at 2740', Dowell could only squeeze 25 sacks into the perfs before the tubing pressured to 3300 psi. Casing was then perfed at 2143' and squeeze with 100 sacks. The CBL showed good bonds at both intervals.

Bond Log Notes

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In order to run the CBL, it is necessary to have the hole filled with fluid. With open perfs, the fluid level could not be maintained above 2400'. Therefore, it was necessary to run the CBL with a plug above the perfs. A plug was set at 5530'. The CBL starts at 5530' and ends at 1000' (200' into the 10-3/4" surface casing) An analysis of the CBL by the logging engineer is included on the log in the remarks tract.

Radioactive Tracer Survey Notes

The procedure for running the tracer survey was this: With the pumps on their lowest speed, Radioactive material (RA) was ejected from the tool at 5450'. The tool was then dropped to 5615' and logged up to 5400'. The formation was taking fluid so fast that the RA material entered the perfs and went back into the formation before a good RA signature could be read on the log. To check for upwards channeling, RA material was ejected into the top perf at 5566' with the logging tool at 5564'. After 3 minutes, no RA signal was picked up indicating no upward channeling was present. A similar test was run to check for downward channeling at the bottom of the perfs — no channelling was recorded.

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Injectivity Test Notes

This test used an Amerada gauge run on a slick line. The hole was filled with fluid when the tool was run in so a static BHP could not be measured. The fluid level would have had to have been 2400' to get an accurate static BHP, there was no way to drop the fluid level and have the pumps hooked up at the same time. Four pump rates were run for 15 - 30 minutes at each step. The injection fluid was produced water from Well #3. For the final step rate, the injection rate was held until the surface pressure stabilized. At an injection rate of 1077 bls/day, the BHP was 3120 psi with a surface pressure of 655 psi. At no time during the test did the casing pressure go up which indicates that the packer was holding.

Packer and Annular Fluid

The injection packer used was a plastic coated Baker Model AO1 and was set at 5540'. 200 bls of fresh water was mixed with 110 gallons of Unichem Techni-Hib 370. The casing was pressured to 200 psi. The pressure bled off indicating that the packer was not fully tensioned. After the injectivity test showed no fluid leaking, the packer was tensioned with a 40,000 lb pull. The casing was pressured to 150 psi. After 15 minutes, the casing pressure was 150 psi indicating that there were no leaks and that the packer was properly tensioned.

Water Disposal Operations

Based on the injectivity test, we anticipate pumping 500 bls/day at a rate of .34 bls/minute for 24 hours with a BHP of 2575 psi and a surface injection pressure of 230 psi. 200 - 300 psi additional pump pressure may be required to overcome 350' of elevation and friction losses in the flowline. The well should be complete and ready to inject fluid on May 18, 1990.

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Dry Mesa's Response to Fulfill Permit NAS900000002 Requirements

In the letter dated May 4, 1990 and included with the Final Permit #NAS90000002: "before injection can commence, 5 requirements must be met." Dry Mesa Corporation has successfully met those requirements and requests written authorization from the EPA to commence disposal operations.

1. Existing Formation Pressures

The static fluid level was measured several times during well construction and was consistently found to be at 2400'.

Using: HEIGHT OF FLUID = BHP / (.465 * SP. GRAV.)
(SP GRAV. is estimated to be .97 due to oil cut in water)
BHP = (5566' - 2400') * .465 * .97
BHP = 1428 psi

2. Step Rate Injectivity Test

An injectivity test using an Amerada gauge to measure BHP at 4 different injection step rates was performed by H&H Wireline. A copy is included. To pump 500 bls/day, the injection rate will be .34 bls/min (for 24 hours) with a BHP of 2575 psi and a surface injection pressure of 230 psi.

3. Cement Bond Log

A CBL was run by Apollo Perforators from 5530'-1000'. A copy is enclosed along with an analysis by the logging engineer (analysis is in the remarks column of the log). Also enclosed is a radioactive tracer survey run at the request of the Arizona O&G Commission. The survey showed no channeling in the cement around the perfs.

4. MIT test

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The tubing was hydro tested to 5000 psi. One joint was replaced.
The casing was tested three times as follows: (with plug set at 5530')

Test #1 5/8 Pressured to 1170 psi for 45 minutes.

Pressure at end of test - 1170 psi
Witness - George Robin (EPA) Steve Rauzi (AZ. 0&G Comm.)

Test #2 5/11 Pressured to 1200 psi for 45 minutes.

Pressure at end of test - 1200 psi
Witness - George Robin (EPA) Raymond Roessel (Navajo EPA)
(test after first squeeze)

Test #3 5/14 Pressured to 1200 psi for 30 minutes.

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Pressure at end of test - 1200 psi Witness - George Robin (EPA) (test after third squeeze)

5. Well Rework Form - Enclosed with construction notes

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DRY MESA CORPORATION P. O. BOX 5446 FARMINGTON, NM 87499

DATE: 05-16-90

WELL NAME: NAVAJO TRACT 138 WELL NO. 1 FORMATION: LEADVILLE COUNTY: APACHE STATE: ARIZONA

TEST TYPE: PRESSURE MONITOR

CHRONOLOGICAL PRESSURE AND PRODUCTION DATA ERRESCHER TWOODOWN TWOODOOTTON DUTY

DATE ======= 05-16-90	STATUS OF WELL ARRIVED ON LOCATION PACKER STUCK	TIME 24 HR	ELAPSED TIME	TUBING PRESSURE	CASING PRESSURE	BHP PSIG 5590
	PACKER STUCK. RIG UP RAN 1.490" GAUGE RING 5600'. COME OUT OF HO RAN SINGLE BHP GAUGE 5590' KB. PUMP RATE 614 BPD	09:00 & FTO			**********	=======
·	PUMP RATE 769 BPD	20:15 20:20 20:25 20:25 20:30 20:35 20:40	0.00 0.05 0.10 0.15 0.00 0.05			2517 2605 2667 2721
	HANGE RATE 923 BPD	20:45 20:50 21:00 21:00 21:05 21:10	0.15 0.20 0.25 0.30 0.00 0.05 0.10			2750 2850 2883 2914 2933
	HANGE RATE 1077 BPD	21:15 21:15 21:20 21:25 21:30 21:35 21:40 21:45	0.15 0.00 0.05 0.10 0.15 0.20 0.25			2951 2978 3014 3037 3055 3083
	STANTANEOUS SHUT-IN	21:45	0.30 0.35			3095 3105 3112 3120

H & H WIRELINE SERVICE, INC. P. O. BOX 899 FLORA VISTA, NEW MEXICO 87415 RICK BAIRD UNIT NO. T-4 ELEMENT NO. 64656

DRY MESA CORPORATION P. O. BOX 5446 FARMINGTON, NM 87499

de de la Company

DATE: 05-16-90

TEST TYPE: PRESSURE MONITOR

WELL NAME: NAVAJO TRACT 138 WELL NO. 1

FORMATION: LEADVILLE COUNTY: APACHE STATE: ARIZONA

CHRONOLOGICAL PRESSURE AND PRODUCTION DATA

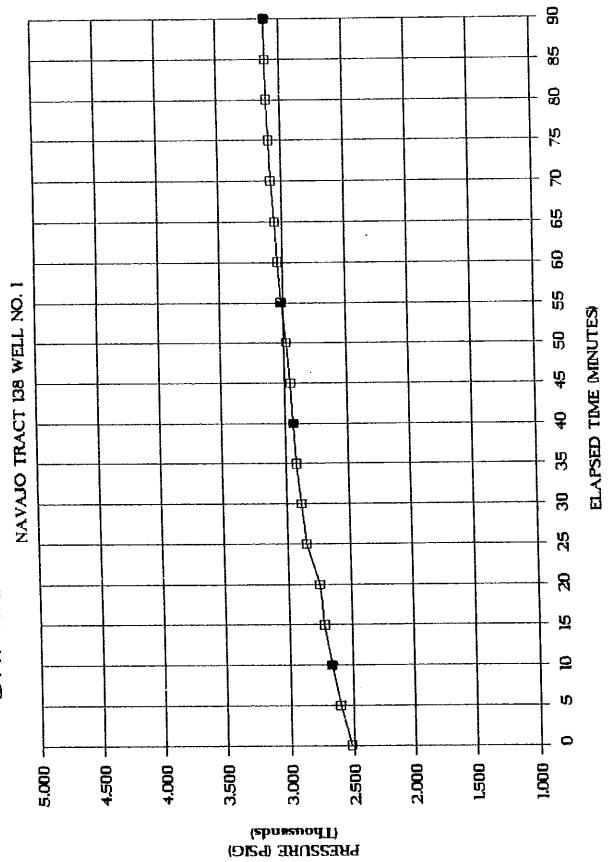
STATUS OF WELL	24 HR	TIME HOURS	TUBING CASING PRESSURE PRESSURE	BHP PSIG 5590
ARRIVED ON LOCATION PACKER STUCK. RIG UP &				
RAN 1.490" GAUGE RING TO				
5600'. COME OUT OF HOLE. RAN SINGLE BHP GAUGE TO	17:30			
5590′ KB.	19:56			
PUMP RATE 614 BPD	20:10	0.00		
	20:15	0.05		2517
	20:20	0.10		2605
,		0.15		2667
PUMP RATE 769 BPD	20:25	0.00		
	20:30	0.05		2721
	20:35	0.10		2750
	20:40	0.15		2850
	20:45	0.20		2883
	20:50	0.25		2914
	21:00	0.30		2933
CHANGE RATE 923 BPD	21:00	0.00		
	21:05	0.05		2951
	21:10	0.10		2978
	21:15	0.15		3014
CHANGE RATE 1077 BPD	21:15	0.00		
	21:20	0.05	·	3037
	21:25	0.10		3055
		0.15		3083
	21:35	0.20		3095
		0.25		3105
	21:45	0.30		3112
	21:50	0.35		3120
INSTANTANEOUS SHUT-IN				
H & H WIRELINE SERVICE	INC			

H & H WIRELINE SERVICE, INC. P. O. BOX 899 FLORA VISTA, NEW MEXICO 87415 RICK BAIRD UNIT NO. T-4 ELEMENT NO. 64656 ດ

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DRY MESA CORPORATION 05-16-90

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PUMP RATE 614 BPD
PUMP RATE 769 BPD
PUMP RATE 923 BPD
PUMP RATE 1077 BPD

NAVAJO 138 #1 OBSERVATION REPORT

5/8/90: PRESSURE TEST INTEGRITY OF THE CASING

Use rig pumps to pressure up to 1200 psi Close by-pass valve pressure dropped to 1160 psi Start test Pressure dropped to 1150 psi in 40 minutes.

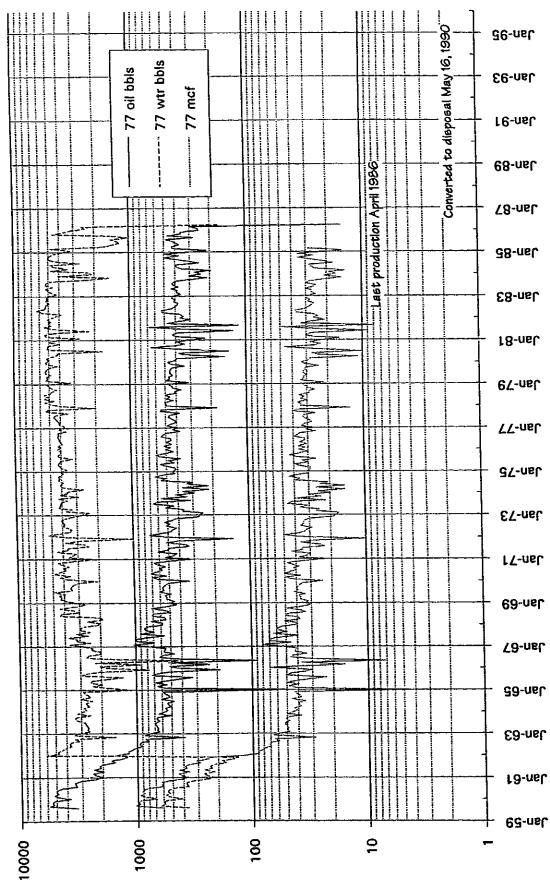
Less than 10% drop in 30 minutes, GOOD TEST

SL Ramis S. L. Rauzi, 5/11/90

MONTHLY PRODUCTION AT 1 NAVAJO-138 (77), ARIZONA: AUG 1959 - APR 1986

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ASSESSED AND AND AND ADDRESS.



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Federal. State or Indian Lease Number, or lessor's name if fee lease	Field	Reservoir Leadville				
14-20-603-4190	Dry Mesa					
Survey or Sec-Twp-Rge	County	State Arizona				
Sec. 2, T40N, R28E	Apache	ALIZONA				
Operator	. •					
Dry Mesa Corpor	ATION ESS ALL CORRESPONDENCE CON	CEDNING THIS FORM TO				
		State				
Street	City	New Mexico 87499				
P. O. Box 5446	Farmington	INCW PICKEGO OT 122				
Above named operator authorizes (name of						
The Permian Corpo	City	State				
Transporter's street address	Houston	Texas 77251				
P. O. Box 1183	nouscon	Toxasss				
2502 West Main, Farm	ington New Mexico	87501				
2502 West Main, Faim.	rigcon, new manage					
	Oil condensate, gas well ga	s. casinghead gas				
	Oil, condensate, gas well ga	is, casinghead gas				
To transport 100	Oil, condensate, gas well ga	is, casinghead gas from said lease.				
TO COMPONE	Oil, condensate, gas well ga	from said lease.				
OTHER GAT	Oil, condensate, gas well go % of the Oil THERERS TRANSPORTING FROM	from said lease.				
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OTHER GAT Name of gatherer Hay Hot Oil	Oil, condensate, gas well ga % of the Oil THERERS TRANSPORTING FROM 7 % transported 100	from said lease. THIS LEASE ARE AS FOLLOWS: Product transported water produced from lease				
OTHER GAT Name of gatherer Hay Hot Oil	Oil, condensate, gas well ga % of the Oil THERERS TRANSPORTING FROM 7 % transported 100	from said lease. FHIS LEASE ARE AS FOLLOWS: Product transported				
OTHER GAT Name of gatherer Hay Hot Oil	Oil, condensate, gas well ga % of the Oil THERERS TRANSPORTING FROM 7 % transported 100 for a new lease. If not a new leas solidation or subdivision of leases a	from said lease. THIS LEASE ARE AS FOLLOWS: Product transported water produced from lease				

The undersigned certifies that the rules and regulations of the State of Arizona Oil & Gas Conservation Commission have been compiled with in drilling and producing operations on this lease, except as noted above, and that the above transporter is authorized to transport the above specified percentage of the allowable oil or gas produced from the above described property, and that this authorization will be valid until further notice or until cancelled by the State of Arizona Oil & Gas Conservation Commission.

CERTIFICATE: I, the undersigned, under the penalty of perjury, state that I am the President, Sec.-Treasurer of the

Dry Mesa Corporation (company), and that I am authorized by said company to make this report; and that this report was prepared under my supervision and direction and that the facts stated therein are true, correct and complete to the best of my knowledge.

4-12-39 Date Kennek & Signature

Date approved: 1/9/4/

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STATE OF ARIZONA
OILA PAS CONSERVATION COMMISSION

APR 1 9 1989

RECEIVE :

19 8 G Common Juneal.

Permit No 852 + 115,77, 106

STATE OF ARIZONA
OIL & GAS CONSERVATION COMMISSION

Operator's Certificate of Compilance & Authorization to Transport Oil or Gas from Lease

File Two Copies

Form No. 8

GAS-OIL RATIO TEST REPORTS

Filed under Oil-Gas Ratio Tests, Dry Mesa Field, in cabinet in office of Enforcement Director

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Mr. g. A Hicke, Farmington 325.1924

D'Engineering & Production Service Inc

Degrated permission to bear

accumulated permission to bear

10 barrelo on the Navago 138-1.

School Same verdal permission
to burn pit.

10 barrelo on the Navago 138-1.

6-845 (Januar, 1949) FILE
Budget Bureau No. 42-R871.1.
Approval expires Dec. 21, 1954.

ITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF MINES PETROLEUM AND NATURAL GAS BRANCH

Laboratory sample No. .

MAY 1 0 1974

O & G CONS. COMM.

Laracie

Purpose for obtaining sample routing analysis	
INFORMATION TO BE FORWARDED WITH EACH	SAMPLE OF WATER, OIL, OR GAS
Please supply as much as possible of the following information, using	this sheet. Please write clearly or print.
Kind of sample (water, oil, or gas)	Marks on sample container location sticker
Field Wildcat Farm or lease	
Well No. 1 in the NEINET of Section	•
Range 28 E. County Apache	State Arizona
Operator Texas Pacific Coal & Oil	
Operator's address (main office) Denver, Colorado	
Sample obtained by Steve J. Schafer	Date 8-10-59
Address Box 379 Durango, Colorado Represer	nting Atlantic Refining Company
Sample obtained from (lead line, separator, flow tank, etc.) wellhed	
Date of completion of well Elevation	n of well 5,952 KB
Name of productive zone from which sample is produced	Sand Shale Lime X
Formation name Kississippian	
Depths: Top of formation 5,435 Bottom	of formation
Top of producing zone 5,556 Bottom	of producing zone 5,589
Total depth drilled 6.080 Present	depth5_627
Well production: Initial Present Case	sing record:
Oil, barrels	7" at 5,624 w/450 sx.
Water, barrels	
Gas, cubic feet	
Pressures Reservoir	ethod of productionpurping
Gend to: Steve J. Schafer Atlantic Refining Company	RECEIVED

P. O. Box 379 Durango, Colorado

77

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v=135 a (Amenat (955)

 10.9385×269

CRUDE PETROLEUM ANALYSIS

Bureau of Mines Laramie Laboratory
Sample PC-59-284

IDENTIFICATION

Mississippian limestone 5,566 - 5,589 feet

Arizona
Apache County
NE¹/₄NE¹/₄ sec. 11,
T. 40 N., R. 28 E.

GENERAL CHARACTERISTICS

Specific gravity, 0.826 A. P. I. gravity, 39.80 Pour point, F., below 5.

Sulfur, percent20 Color, brownish green

Saybolt Universal viscosity at 1000F., 37 sec. Nitrogen percent, 0.053

DISTILLATION, BUREAU OF MINES ROUTINE METHOD

Fraction No.	Cut temp.	Percent	Sum, percent	Sp. gr., 60/60° F.	° A. P. I., 60° F.	C. I.	Refractive index No at 20 C.	Specific dispersion	S. U. visc., 100 F.	Cloud test, F.
1	122	2.1	2.1	.646	27.5		}			
2	167	2.4	4.5	.666	81.0	5.6	1.37845	129.1		
3	212	4.4	8.9	.715	66.4	19	1.39906	132.9		
1	257	6.7	15.6	.742	59.2	23	1.41354	142.4		
5	302	6.1	21.7	.767	53.0	27	1.42527	141.7		į
6	347	5.3	27.0	.776	50.9	24	1.43348	142.9	1	!
7	392	5.7	32.7	.789	47.8	24	1,44001	144.2	•	:
8	437	4.8	37.5	.801	45.2	24	1.44636	147.9	į	•
9	482	6.8	44.3	.815	42.1	26	1.45419	149.1		!
10	527	6.1	50.4	.E26	39.8	26	1.46221	155.8	1	

STAGE 2-Distillation continued at 40 mm. Hg

11	202		6.6	57.0	.841	36.8	29	1.47025 157.5	38	10
12	437		7.6	64.6	.851	34.8	30	1.47463 159.8	45	35
13	482		4.2	68.8	.863	32.5	33	1.48100 161.5	57	55
14	527	,	4.4	73.2	.877	29.9	36		80	70
15	572	:	6.4	79.6	.827	29.0	38		125	85

Ramsbottom carbon residue: Residuum, percent; crude, percent. Equivalent Conradson carbon residue: Residuum, .4.8. percent.; crude 1.0 percent

APPROXIMATE SUMMARY

	Percent	Sp. gr.	° A, P. I.	Viscosity
Light gasoline	€.9	.685	75.1	
Total gasoline and naphtha	32.7	.745	58.4	
Kerosine distillate	11.6	.809	43.4	
Gas oil	19.1	.640	37.0	
Nonviscous lubricating distillate				50~100
Medium lubricating distillate	6,0	.991893	29.1-27.0	1(0)=200
V.scous lubricating distillate				Above 2 m
ilesidatem	12,4	931	20,5	
Distribution loss			:	

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And the second second

SUNDRY NOTICES AND REPORTS ON WELLS MONSANTO COMPANY I. Name of Operator, 2. OIL WELL GAS WELL OTHER | (Specify). Navajo 138-2 3. Well Name. SW SW 1980 FNL - 660 FWL Section 12 28E Apache 14-20-603-4190 4. Federal, State or Indian Lease Number, or lessor's name if fee lease. 5. Field or Pool Name Dry Mesa 6. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data NOTICE OF INTENTION TO: SUBSEQUENT REPORT OF: TEST WATER SHUT-OFF PULL OR ALTER CASING WATER SHUT-OFF FRACTURE TREAT FRACTURE TREATMENT DIRECTIONAL DRILL ALTERING CASING SHOOT OR ACIDIZE PERFORATE CASING SHOOTING OR ACIDIZING REPAIR WELL, CHANGE PLANS (OTHER) (OTHER) Status of well (NOTE: Report results of multiple completion on Well Completion or Recompletion Report and Log form.) DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.) June 1973: Navajo 138-2 Status: Producing Gas Well - June 1, 1973 Being used for lease fuel on Wells Navajo 138-1 & 138-3. RECEIVED RECEIVED 现几年中间在 0 & G CONS. COMM. 1869 - 48 July 956 SIME COLD 3. Thereby certify that the foregoing is trye and correct.

Dist. Prod. Mgr.

Form No. 25

STATE OF ARIZONA
OIL & GAS CONSERVATION COMMISSION
Sundry Notices and Reports On Wells
File Two Copies.

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__Date June 29, 1973

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<u> </u>				T						B.	\A/F1				
		W	ELL CC	MPLETIC				TION RE		AND '	WELL	LUG			
					DESIG	NATE	TYPE OF	COMPLE						_	_
New X Well	Work- Over	. 🗆	Deepe	, N	Plug Back		Same Reservo	ıir 🔲	Differen Reservo		Oil	X	Gas	Dry	L_
Well []	Over		Беерс	<u></u>	_	RIPTIO		ELL AND	LEASE						<u>.</u>
		 						Address							
Operator TEXAS PA	A CATEST	T COAT	CTISA	OTT CO	VIA ACA				-						
	HOTIT!	, COM	P Wran	OTT CO	en Ant.			Well Numb	er 1	Field & 1	Reservoi				
Lease Name	T	100						7		Ji ldes	t (Mi	ssis	sippia	n)	
Navajo '	Iract	1,38								11,1,1100	Sec.	_TWP	-Range or	Block & S	urvey
Location 660† fro	377		//ne #		_of	atio	m 11	Turn 10) Nort	h. Re	re. 28	Eas	t		
660' ir	om NL	and c			01 26	1 22-4-	Torusa	713 Da -4	Prev	lous ner	mit nun	ber	Date Iss	ued	
County			Permit 1	number		ļ	Issued	1	1	ious per			i		
Apache			7	7			5-11-59		1 Eller	ntion			Elevation	n of casing	
Date spudde	:d]	Date to	tal depth r	eached	Date	iuce	d, ready to	· DF	ation RKB,	RT or G	r.) feet	hd. flan	ge .	fee
5-11-59			6-29-	59		<u> </u>		<u> 28-59</u>		<u>5950.</u>				ple complet	
Total depth		1	P.B.T.D	•		Sing	tle, dual of	r triple con	ipletion?		i furnis	h sepa	rate repoi	t for each	com-
6080		•	563	2	<u> </u>	1.	Sin				pletio		A	1 (intomot)	
Producing in	iterval (s) for th					ľ	Rotary to	ols used	(interval	D [Cable	toois use	1 (interval)	,
5566-5									6080]				
Was this we	ell direct	tonally d	irilled?	Was direct	ional sur	vey m	nade?	Was copy filed?	of direct	ional sur	vey	Date	filed	-	
No		-		No			ļ	meu:							
Type of ele	ctrical o	rother	logs run		s filed w	ith th	e commiss	slon)				Date	filed		
Inducti	en Total	act wi	പി 144	ro Torro	יינה אל	te.To	eroเือฮ	. Gamma R	av-Ne	utron]	End	closed		
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~ J/0	e .		<u></u>	N RECOR	D	9		ACI	D, SHO	r, FRAC	TURE,	CEME	NT SQUE	EZE REC	DRD
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4	-	Jet		5566-9	5589 <u>.</u>		<u>-</u>	Cmt.S	q. w/7	75_sx.		-	6 564	,	···
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Date of fi	rst prod	uction	1	Producing	method	(indle	ate if flor	wing, gas l	ift or pu	mping—i	if pumpi	ng, sho	ow size &	type of pu	ımp:)
7-29-			ļ		ing –			oine Pu			<u> </u>				
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l .	! .	01	9	211		2//	O ppja.	- 43-	Ŕ	MCF	21,		bbls.	40.6 A	PI (C
8-12-		L Casin	g pressu	re Cal	ted rate	of Pro-	Oil		Gas		W.	ater		Gas-oil	
1	COSULE			duc	tion per	24 hrs		bbls.	43	_8 M	ICF :	34	ppla.	.38	325
26#		1 10		onted was	d for fuel	05 40			لبند	<u> </u>	<u> </u>	F			
Dispositio	n or gas	(SIBIE V	August A	ented, use	w tot frei		sed for	r fuel							
						U	<u> </u>	r rncy						,	.
	0+mn -	AL		under the -	analte of	nerim	rv. state th	at I am the	M	anagei	r of I	rodi	ction	,	of
Texa	s Pac	1110	coar a	TIG DUT	COmba	711Â	mpany), a	nd that I a	m author	ized by s	aid comp	any to	make this	report; and	that 1
report w	as prepai	red unde	r my supe	rvision and	direction	and t	hat the fac	cts stated th	erein are	true. cor	rect and	comple	te to the b	est of my ki	'OM160
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Aug	ust 1	3, 19	<u>59</u>										/ /. _{TY} ,	LRonne	
Date	·						<u></u>		Signatu	ite	<i>K</i>		<i>1</i> /•1	. Bonne	7
		٠.						-	STATE	OF ARIZ	ZONA S	TATE	LAND CO	MMISSION	IER
		:			.0/			,	Wall Com	nietion -	or Reco	npletio	n Report	and Well	Log
				438	$\theta_{1}^{\prime\prime}$			1	No. P-7	_		two co	_	'	-
1				- 339	140						•-	4-6-	1 9		
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And the state of the state of the state of

April 6,

Effective_

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		ETAIL OF FORMATIONS PENETRATED								
Formation	Тер	Bottom	Description*							
urface Rock	. 0	157								
hale	157	413	*							
hale & Sand	413	1588	Top of Chinle - 1340							
ī		2160	Top of Shinarump - 2020							
and & Shale	1588									
hale & Sand	2160	2300	Top of Coconimo - 2280							
hale	. ,2300	2609								
and & Shale	2609	2935	Top of Organ Rock - 2680							
hale	2935	3439	Top of Moen Hopi? - 3315 ??							
1	3439	3533								
Shale & Anhy	J#J/	2222								
Sand, Shale &	0.700	0/40	the state of the s							
Anhy	3533	3680	m 0.77 1000							
Sand & Shale	3680	4115	Top of Hermosa - 4030							
and & Lime	4115	4206								
Shale & Lime	4206	4340	DST 4280-4330' Open 1 hr. weak blo. died 25"							
DIAGRA & DIAMO	4.000	.,,	Rec. 30° drilling mud. ISIP 475#, IFP O#, FFP O#							
į	Ì		FSIP 50#							
	1	··········	Porr John							
Chert, Shale &										
Lime	4340	4582	•							
Shale & Lime	4582	4936								
Lime & Sand	4936	5156	Core 5052-5082. Rec. 30 dense limestone. No. Cil sh							
			Gas 5045-5052.							
			DST 5039-5082. Open 12 hrs. GTS 2"							
		i	FP 860-1050 ISIP 1565, FSIP 1460 (1 hr.)							
	,	1								
			HP 2600 (Est. 2.5 MMCF)							
Shale & Lime	5156	5380	Top Molas - 5375							
Lime & Sand	5380	5417	10 ± 10 ± 10 ± 10 ± 10 ± 10 ± 10 ± 10 ±							
Shale & Lime	5417	5566	Top Mississippian - 5435							
Lime & Dolomite	5566	5592	Core 5566-5576.5 Rec. 4' dolo. fine frac. 6' dol.li							
Hille & DOTONITE),,,,,	11/2	w/frace & porosity, bleeding oil, good odor.							
	<u>l</u> .	1	The rese reco recommend of the control of the contr							
-		1	DST 5550-5592. Open 12 hrs. GTS 8". Rec. 90' OGCM,							
	ł		1103' of SIMCO. IFP 55# FFP 470#, ISIP 1540#, FSIP							
	12.7		1540#. Bottom Choke 3/4" Top 1". IHP 2920#. FHP 291							
Lime	5592	5618	Core 5592-5618. Rec. 23' lime, bleeding Oil & Gas							
			w/some indication of salt water in fractures.							
 111	* × *		DST 5592-5618' - open 1 3/4 hrs. Rec. 305' GCM 2710							
	Ì		TITO OF THE PURISH THE OPER THE OPEN TOTAL OF THE							
•			HGOCM. 180' OGCW. IHP 2835 FHP 2830 ISIP 2460, FSII							
			1550, IFP 160; PFP 1350							
Lime	5618	5638	Core 5618-5638, same as above. DST 5618-5638 open 1							
			. hr. Rec. 35 S1. GCM IHP 2905, ISIP 40, IFP-40, FFP							
			FSIP 920, FHP 2905							
Lime & Shale	5638	-5787								
		5827	Top Precambrian 5790							
Sand & Shale	5787	7021	Tob Treemorran MA							
Sand, Chert &										
Quartzite	. 5827 · ·	5926								
Chert & Quartzi		5989	1							
Sand, Shale & Ch	· · · · · · · · · · · · · · · · · · ·	6027	gregori, file has find officel resmi							
Chert & Quartzi		6070								
	6070	6080	Cored 6070-6080'. Rec. 10' Quartzite							
Quartzite	0070	0000	Cored 6070-6080'. Rec. 10' Quartzita 18/10							
5	.									
	15	6080	Total Depth							
	. `]								
		<u> </u>	101 52 12 12							
• Cham all important 7	nnes of porosity, do	tail of all cores. a	nd all drill-stem tests, including depth interval tested Coushion cused, sime tool oper							
	,, U. PULUUNU, UV		Lul *U/A くっ / か iaul							
flowing and shut-in D	ressures, and recov	eries.								
flowing and shut-in p	ressures, and recov	eries.	图 18 CO 4 0 月							
flowing and shut-in p	ressures, and recov	eries.	nd all drill-stem tests, including depth interval tested Chainingused, jime tool oper							

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This Well Completion or Recompletion report and well log shall be filed with the State Land Commissioner not later than thirty and safety

Form No. P-7

THE PARTY OF THE P

X-Chrono X-Lambert

June 4, 1969

Memo from J. Lamb€rt

Re: Texas Pacific Coal & Oil Navajo 138-3 T40N, R28E, G & SRM Sec. 2: SW/4 SE/4 Apache County Permit #115

> Texas Pacific Coal_& Oil Tract 138-1 T40N, R28E, G & SRM Sec. 11: NE/4 NE/4 Apache County Permit #77

A perusal of the replies from Permian and Monsanto indicates that there is a difference of approximately one tank number—ticket number delivery. These files will be reviewed when the May report is made to determine if the ticket has been picked up.

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Charles and the same of the sa

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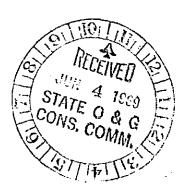
MONSANTO COMPANY

Runs recorded on the Navajo - 138 during the month of April

1969

TANK HUMBER	TICKET NUMBER	AOLUME	DATE
8332 2921 8333 2923 2921 8334 8333 8332	800987 800988 800989 801946 800990 800991 800992 800993	219.06 218.60 219.06 219.57 219.26 219.50 218.40 218.29	4/3/69 4/3/69 4/3/69 4/11/69 4/17/69 4/21/69 4/22/69
2922 2920	784356 800394	217.53 218.15	4/22/69 4/23/69

TOTAL VOLUME 2187.43



115

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arawasa Tarawasa

Andreas Angles

"CORRECTED REPORT"
NSPORTER'S AND STORER'S MONTHLY SEPORT

Report of THE PERMIAN CORPORATION

APRIL, 1969

Address P. O. BOX 3119, MIDLAND, TEXAS 79701

Receipts b	y Fields, by Leases-Total Each Field	
District, Field or Pool, County,	Name of Producer, Name of Lease	Barrels
Apache County		
Walker Creek		
Texaco Inc.	Navajo Tribe AG	$\frac{213}{213}$
Wildcat		1
Consolidated Oil & Gas	#1 Navajo	212
Monsanto Company	Navajo Tract 138 B Battery	1,094
	Navajo Tract 138-1	1,093 2,399
	TOTAL	2,612

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STATE OF ARIZONA
OIL & GAS CONSERVATION COMMISSION

Transporter's and Storer's Monthly Report

File One Copy

Form No. 24, Sheet 1-A

~ F

		- .	148	
OPERATO	TIFICA TO TRANSI	TE OF PLIA	NCE AND A	LATION ()
Federal, State or Indian Lease Number,	Field			Reservoir
Navajo 12-20-603-4190	Dry	Mesa		
Survey or Sec-Twp-Rge	County			State
Secs. 1,2,11&12, T40N, R28E	Apac	che	····	Arizona
-				
	S ALL CORR	ESPONDENCE CONC	CERNING THIS I	FORM TO:
Street	City			State
900 Patterson Building	Denve	r,		Colorado 80202
	ransporter)			
-		a		State
Field address	MIGI	and,		Texas 79701
	Oil cor	dencate gas well gas	and and and	
	011, 001	idensate, gas well gas	s, casingneau gas	
To transport 100	% of the	Oil		from said lease.
OTHER GATH	ERERS TRANS	SPORTING FROM T	HIS LEASE ARE	AS FOLLOWS:
Name of gatherer	The Siste or Indian Leave Number. Ser's names if the leases 10 TRANSPORT On. UR GAS FROM LEAC. Provided Reservoir 10 Transported Reservoir 10 State Colorado 80202 10 Transported Reservoir Reservoir 10 Transported Reserv	nsported		
None				
		 		
_		1		
percentage of the allowable oil or gas produce or until cancelled by the State of Arizona Oil CERTIFICATE: I, the undersigned, under the Monsanto report was prepared under my supervision and	& Gas Conser-	jury, state that I am	the Distri	orter is authorized to transport the above species authorization will be valid until further note that the contract of the con
March 6, 1967 Date	Field Dry Mesa County	Murphy, ff.		
STATE OF ARIZONA OIL & GAS CONSERVATION CO	MMISSION			THE STATE STATE
12		Pare	m No. 8	The I wo Copies

Ç.

Form No. 8

Form 9-1123 (Rev.Dec.1957)

(Submit in triplicate to appropriate Regional Oil and Gas or Mining Supervisor

DESIGNATION OF OPERATOR

Indian Affairs,

The undersigned is, on the records of the Bureau of Lamix Managaments holder of lease

DISTRICT LAND OFFICE: SERIAL NO .:

Wind River, Arizona Navajo Tribal Contract No. 14-20-603-4190

and hereby designates

NAME: ADDRESS: Monsanto Company 1300 Main Street, Houston, Texas

as his operator and local agent, with full authority to act in his behalf in complying with the terms of the lease and regulations applicabl thereto and on whom the supervisor or his representative may serve written or oral instructions in securing compliance with the Operating Regulations with respect to (describe acreage to which this designation is applicable):

Township 40 North, Range 28 East, G. & S. R. M. Apache County, ARizona Section 1: All Section 11: Section 12: Section 2: All

It is understood that this designation of operator does not relieve the lessee of responsibility for compliance with the terms of the lease and the Operating Regulations. It is also understood that this designation of operator does not constitute an assignment of any interest in the lease.

In case of default on the part of the designated operator, the lessee will make full and prompt compliance with all regulations, lease terms, or orders of the Secretary of the Interior or his representative.

The lessee agrees promptly to notify the supervisor of any change in the designated operator.

> By: Lessee

August 3, 1964

(Date)

٤,

P. O. Box 1798

SUN OIL COM

Address

Denver, Colorado

The second secon

Form 9-1123 (Rev. Dec. 1957)

FARMINGTON OFFICE COPY (Submit in riplicate to appropriate Regional Oil and Gas or Mining Supervisor)

DESIGNATION OF OPERATOR

The undersigned is, on the records of the Bureau of Land Management, holder of lease

DISTRICT LAND OFFICE: Window Rock, Arizona (Nevajo Tribe of Indians)

SERIAL NO.:

Contract No. 14-20-603-4190

and hereby designates

Monsento Chemical Company, Mydrocerbons Division 900 Patterson Bldg., Denver, Colorado 802020

as his operator and local agent, with full authority to act in his behalf in complying with the terms of the lease and regulations applicable thereto and on whom the supervisor or his representative may serve written or oral instructions in securing compliance with the Operating Regulations with respect to (describe acreage to which this designation is applicable):

All of fractional Sections 1 and 2, all of Sections 11 Township 40 North, Range 28 Fast, Apache County, Arizora.

AUG 7 1964

U. S. GEOLOGICAL SURVEY It is understood that this designation of operator does not relieve the lessee of responsibility for compliance. with the terms of the lease and the Operating Regulations. It is also understood that this designation of operator does not constitute an assignment of any interest in the lease.

In case of default on the part of the designated operator, the lessee will make full and prompt compliance with all regulations, lease terms, or orders of the Secretary of the Interior or his representative.

The lessee agrees promptly to notify the supervisor of any change in the designated operator.

Joseph E. Seagram & Sons, Thc.

July 29, 1964

P.O.Box 2110, Fort Worth, Texas

(Address)



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A CONTRACTOR AND A CONTRACTOR OF THE CONTRACTOR

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RESERVOIR PRESSURE REPORT

19.321.27.20

								<u>:</u>
	Date	27	Q.	Pressure	At Datum	747	(
	Ã	2-17-2-17-07-17-17-17-17-17-17-17-17-17-17-17-17-17	Est. 70		Casing Pressure	5	급	
			3		Wt. of Gas Column	Ē	77.	
		i	tum Plane + 362	st Data	Wt. of Liquid Column	i -) h at	
Texas	1		Datum Plane	ument Te	Liquid Gradient		3(2	
Month Month	10 701		ey.	Sonic Instrument Test Data	Liquid		7428	
1	5		Coneral Survey*		Post Day)	÷	37	
0.170	לודים :		<u> </u>		(Bbls per Day)	5	240	
	F. C. DO.	Apache	ial•	nta	Observed			
Address	_		Special•	Bomb Test Data	B,H.			
	County	· 	initial Completion*	Bom	Test			
			initial C	≺ - -	Shut-In Tubing	2 1	0	
			٠,	Juent -	nl-tudi əmiT	i	7,2	
	OMPANY		Water Gradient	Fluid Gradient	Date Tested		8~10~59	
	O III			t	(D) 88	oiio	0	
	AND		t.	AVE.	Well No.		Ч	
	FIC COAL			372	٠,	6	38	
Operator	TEXAS PACIFIC COAL AND OIL COMPANY	Field	WILGEST Producing Formation	Mississippian	Lonse		Navajo Tract 138	

A CONTRACTOR OF THE PARTY OF TH

CERTIFICATE: I, the undersigned, under the penalty of perjury, state that I am the Manager of Production of the Texas Pacific Coal and Oil Company, and that I am authorized by said company to make this report; and this report was prepared under my supervision and direction and that the facts stated pervain are frue, correct and complete to the best of my knowledge. . Doslgnate type of report by "x".

STATE OF ARIZONA STATE LAND COMMISSIONER
Reservoir Pressure Report
File two copies
Authorized by Order No. 4.4-50

19 59 April 6, Bffoctive.

August 13, 1959

D.A.Bonney

Signature

0

INSTRUCTIONS FOR RUNNING AND REPORTING BOTTOM HOLE PRESSURES

This report shall be malled, in duplicate, not later than the 15th day of the month immediately following the month in which the tests were made. All bottom hole pressure tests reported herein shall be made by a person qualified by both training and experience to make such tests.

- 1. Oil gradient shall be in pounds per square inch per foot.
- 2. Water gradient shall be in pounds per square inch per foot.
- 3. Datum plane shall be in feet plus or minus sea level.
- 4. Gas gravity shall be determined from an analysis of the casinghead gas.
- 5. Date Tested-Enter in this column the month and day on which the bottom hole pressure test was made.
- 6. Shut-in Time-Shall be reported accurately to nearest hour. The well tested shall have produced its normal daily rate of production or allowable within the 24-hour period immediately preceding the time at which it was shut in. (Any deviations shall be certified to on this report)
- 7. Test Depth-Shall be reported in feet as the lowest point to which the bomb was run and shall be reported in feet plus or minus sea level.
- 8. Bottom Hole Temperature—Shall be reported in degrees Fahrenheit as determined at test depth by either a recording. or maximum reading thermometer.
- 9. Observed Pressure-Shall be reported as the pressure in pounds per square inch gauge observed at test depth before any necessary temperature correction has been made.
- 10. Production Test-The oil and water reported shall be from a representative production test immediately preceding the time at which the well was shut in.
- 11. Fluid Level-The fluid level reported shall be in feet above the datum plane.
- 12. Fluid Gradient-Shall be in pounds per square inch per foot and shall be representative of both the oil and water gradient where the well produces water as well as oil.
- 13. Weight of Oil Column shall be in pounds per square inch.
- 14. Weight of Gas Column thall be in pounds per square inch.
- 15. Casing Pressure-Shall be reported as the pressure in pounds per square inch gauge.
- 16. Datum Pressure-
 - (a) In the case of bomb measurements, this pressure shall be the observed pressure after the corrections for reservoir temperature and for the difference between test depth and datum plane have been made.
 - (b) In the case of sonic measurements, this pressure shall be determined from the weight of the fluid column plus the weight of any gas present above the fluid column plus casinghead pressure after proper corrections are made for temperature.

Calibration-The subsurface pressure instrument shall be calibrated against a dead weight tester both prior and subsequent to the dates at which all tests reported hereon are made, and in no case shall this time exceed a period of one month. The prior and subsequent calibrations shall not disagree by more than one per cent (1%). The dead-weight tester used for the calibration shall be approved by the State Land Commissioner.

Form No. P-12

The state of the s

OPERATOR'S CERTIFICATE OF COMPLIANCE AND AUTHORIZATION TO TRANSPORT OIL OR GAS FROM LEASE Reservoir Lease Mississippian Wildcat Navajo Tract 138 State Survey or Sec-Twp-Rge County Sec. 11-40N-28E Arizona Apache Operator TEXAS PACIFIC COAL AND OIL COMPANY ADDRESS ALL CORRESPONDENCE CONCERNING THIS FORM TO: State City Street Texas P. O. Box 2110 Fort Worth Above named operator authorizes (name of transporter) McWood Corporation (Trucks) State Transporter's street address City Texas Abilene 364 Petroleum Building Field address P. O. Box 1702, Farmington, New Mexico Oil, condensate, gas well gas, casinghead gas from said lease. 011 100 % of the To transport OTHER GATHERERS TRANSPORTING FROM THIS LEASE ARE AS FOLLOWS: Product transported % transported Name of gatherer NONE Indicate whether or not this certificate is for a new lease. If not a new lease, indicate whether or not it is a change of operator, change of lease name, change of gatherer, or a consolidation or subdivision of leases and give effective date of change. NEW LEASE The undersigned certifies that the rules and regulations of the State Land Commissioner have been complied with in drilling and producing operations on this lease, except as noted above, and that the above transporter is authorized to transport the above specified percentage of the allowable oil or gas produced from the above described property, and that this authorization will be valid until further notice or until cancelled by the State Land Commissioner. Manager of Production CERTIFICATE: I. the undersigned, under the penalty of perjury, state that I am the. Texas Pacific Coal and Oil Company (company), and that I am authorized by said company to make this report; and that this report was prepared under my supervision and direction and that the facts stated therein are true, correct and complete to the best of my knowledge. August 13, 1959 Signature D.A. Bonney August 20, 1959 Date approved: Chairman, Oil & Gas Commissioner's Conservation Commission Number;

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Authorized by Order No. _

STATE OF ARIZONA STATE LAND COMMISSIONER

April 6,

19 59

Operator's Certificate of Compliance & Authorization to Transport oil or Gas from Lease Form No. P-17 File three copies Authorized by Order No.

Effective_

Chairman, 202 k kus Cousean viino Coustaina

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POIE	VIIAL 1ES	T AND REQUEST			0.2 112			
₩ork-	\Box	F-1	Plug Back		Same Reservoir	П	Different Reservoir	
New Well over	<u> </u>	Deepen 🔠	васк 📖		react to	السيا		
Other Reason For Filing:								
Operator TEXAS PACIFIC COAL AND	OTT. CON	(PΔ1) Υ						
Address		 -						
P. O. Box 2110, Fort V	Worth 1.	Texas						
		DESCRIPTION OF	WELL AND LI	EASE	1		County	
Lease Name					Well No.		Apache	
Navajo Tract 138			· · · · · · · · · · · · · · · · · · ·		<u> </u>	ec. Twp.	rge, or block and	surv
660' FNL and 660' FEL	of Secti	on 11, Twp. 40			East	N-1- Inc		
Permit No.	Date Issued	1. 5 0	Previous perm	it No.		Date iss	uea	
// Date spudded	Date compl	1–59 eted, ready to	Total depth		<u>-</u>	P.B.T.D	•	
5-11-59	produce 7-28	3-59	6080		<u>_</u>	Decd	5634.	
Field and reservoir	1		Top of pay			Frouuci	5566-55 7 9	
Wildcat (Mississippi	<u>an)</u>							
		TEST	DATA	Product	ng method (flow. I	Amount of load o	il
Date of most process	of test 2–59	24	hrs.	pump, g	as lift)	l l	injected if any.)
Number of barrels of oil produce pletion date to test date			If well is pro-	luced by	<u> </u>		size, length of st	
40	3	Casing pressure	<u> </u>		1 3/4" Choke size		Stroke 145	<u> S.</u>
Tubing pressure 26# (Heater Treater)		10#				511		
*Actual production during test:	Oil (bbis)		Water (bbls)			Gas (M		
*Production must actually equal		24:0	lat must be for t	34	urc	<u> </u>	43.8	
*Production must actuary equal	or exceed we	us dany anowable of the	and music be tot t	21				
Gas—oil ratio		Oil gravity			Name of	_		
.1825	MCF/bbi.	producing wells in this			McNo	od Col Daily	De allowable request	ed
Number of acres attributed to this well	reservoir (on this lease, including	completion?			(bbls)		
80	<u>.l</u>	1	Single			<u> </u>	240	
Plat showing acreage attached—in or drilling to the same reservo the zame lease completed in or d	r, and the bo	low leases, onset were, undaries of drilling and same reservoir, the nu	groducing, or p imber of acres in	roration, each ur	units attribu	ited to the	is well and other f acres in the leas	wel se.
CERTIFICATE: I, the undersigned	, under the ne	nalty of periury, state t	hat I am the	Manage	er of Pr	oduct	ion	0
Marray Danifia Cool	CEO been	Company	4b-4 1 cm cm	therizad t	w said comp	ny to ma	ke this report: and	that
report was prepared under my su	pervision and	direction and that the fa	icts stated therein	are true,	correct and	omplete 1	to the best of my k	nowl
					0	/		
		•			100	min		
August 12 1050				•	W/V	yjun	17	
August 13, 1959	(4.)		Sig	nature	D. Bon	ney	······································	
								
		∵	STAT	E OF A	RIZONA ST	ATE LA	ND COMMISSION	ER
Witnessed by:	Organi	zation	,				ilowable—Oli Well	
			Form No.	P-6	Fi	e two col		
			Authorized	by Orde	er No		4-6-59	
	Sign	ature			Effective	April	6, 19	59

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STATE O 1959

TENTENTED TO THE PROPERTY OF THE

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63

NEW WELL COMPLETION (OFFICIAL COMPLETION GAUGE)

Date of First Production Test 7-24-59	Date of Completion Gauge 7-30-59
	ior to the date of the official completion
Do m	
5	Bbl. Oil; 10 % Water; Small MCF Gas.
production Gauge on 24 hour basis 240	les and Regulations of the Commissioner have
	ove, and that the transporter('s) authorized
	d/or Gas produced from the above described
	ation will be valid until further notice to
the transporter named herein or until	cancelled by the Commissioner.
Executed this the 31st day of	of <u>July</u> 19.59
	TEXAS PAOTFIC COAL AND OIL COMPANY
	(Company or Operator)
en e	Vice President, Production
	(Affiant) (Title)
STATE OF TEXAS	
COUNTY OF TARRANT	
R.W.Hines subscribed to the above instrument,	, on this day personally appeared , known to me to be the person whose name is who being by me duly sworn on oath states
that he is authorized to make this r	eport and has knowledge of the facts stated
herein and that said report is true	and correct.
Subscribed and sworn to before me th	nis the 31st day of July 1959
	11/8 Minister
	W.E.Daniels
	Notary Public In and For Tarrant County, Texas
Approved: COMMISSIONER	_
Ву:	-
3112113/1	(TOLLOW INSMITTANT ON THEMDISENTON SUPPT
IN COUS. COMM.	(FOLLOW INSTRUCTIONS ON INSTRUCTION SHEET

3-43 9/5/58



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STATE LAND DEPARTMENT 422 ARIZONA STATE OFFICE BLDG. PHOENIX, ARIZONA

FORM 0&G 57 SHEET NO. 1

PRODUCERS CERTIFICATE OF COMPLIANCE AND AUTHORIZATION TO TRANSPORT OIL OR GAS FROM DRILLING UNIT

A A A A A A A A A A A A A A A A A A A
1. Form Prescribed Under Oil and Gas Conservation Act 1951.
2. This form is to be completed on both sides.
Lease Navajo Tract 138 Well No. 1 Field
Sec. 11 Twp. 40N Rge. 28E Cty. Apache Pool
Producer TEXAS PACIFIC COAL AND OIL COMPANY
Address all correspondence concerning this form to: R. W. Hines
Street P. O. Box 2110 City Fort Worth 1. State Texas
The above named producer hereby authorizes McWood Corporation (Trucks) (Name of Transporter)
Whose principal place of business is: 364 Petroleum Bldg., Abilene, Texas (Street) (City) (State)
And whose Field Address is: P.O. Box 1702, Farmington, New Mexico
to transport 100 % of the Oil xxxxxxx produced from the Drilling Unit de-
signated above until further notice.
Other transporters transporting Oil or Gas from this drilling unit are:
(Name of Transporter) (Name of Transporter)
(Name of Transporter) REMARKS:
REMARKS:

(OVER)

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Form 0&G 52

STATE LAND DEPARTMENT STATE OF ARIZONA

Form Prescribed Under Oil and Gas Conservation Act of 1951
WELL COMPLETION REPORT
(File in Duplicate)

Operator Texas Pacific Coal and Oil Company Field	and projects
Street P. 0. Box 2110, Pool City Fort Worth 1. State Texas County Apache	4
City Fort Worth 1. State Texas County Apache	1 to 1
Lease Name Navajo Tract 138 Well No. 1 Acres in Unit 80	į
Location 660t from North line and 660t from East line of Section	4,4
Sec. 11 Twp. 40N Rge. 28E Elevation DF 5950.6 GR 5940 Electric Log Run 6-27 19 59	44
Elevation DF 5950.6 GR 5940 Electric Log Run 6-27 19 59	ļ
Number of Crude Oil Producing Wells on this Lease, including this Welli_	
Has Authorization to Transport Oil or Gas from Well, Form O&G 57 been filed? Attached	
OFFICIAL COMPLETION GAUGE	
Date Test Commenced 7-29 19 59Hour 10:10. Date Test Completed 7-30 1959 Hour 10:15 A. I Length of Test 24 Hours - Minutes For Flowing Well: For Pumping Well:	1 1
For Flowing Well: For Pumping Well:	AMERICA
Flowing pressure on Tbg. 1bs./sq.in. Length of stroke used 64 inches	Chicab
Flowing pressure on csg. lbs./sq.in, Number of strokes per min. 142	a diseries
Size tbgin. No. ft. run Size of working barrelinches Size chokein. Type choke Size tubing 2 3/8 in. No. ft. run 5560	,
Size choke in, Type choke Size tubing 2 3/8 in. No. It. run 5500) transport
Length in. Shut in pressure	3
If flowing well, was this well flowed for the entire duration of this test	3
without the use of swab or other artificial flow device? If jetted, used cu. ft. gas per bbl. oil. Result of this test (bbls. net oil per 24 h	re \
(100% tank tables.) 240	13./
Gas-oil ratio of this well is cu. ft. of gas per bbl. of oil.	
Per cent water produced during this test 10%	#Coipe
Gravity of oil produced during this test (Corrected to A.P.I. 60° F) 38°	1
Name of Pipe Line or other carrier McWood Corporation (Trucks)	K E
If perforated: No. Shots 92 From 5566 To 5589 Date Perforated 7-9-	59
Date well Spudded May 11, 19 59. Date Well Completed July 18, 19 5	9
Top Pay 5566 Ft. Total depth of well 6080 Ft.	- 1
CASING LINER AND TUBING RECORD Amount Depth Perforated String Size Wt./Ft. Name and Type Ft. In. Set at From To Surface 10 3/4 40.5 Smls. H-40 1200* Prod. 7 20-23 Smls. J-55 5824* 5566 5589	
Tbg. 2 3/8 4.7 Smls. J-55 5550*	
CEMENT AND TESTING RECORD Pressure Hardness	
Size of Where Cement No. Sacks Method Applied of Cement Type	of
Hole String Placed of Cement Used in Testing Drilled Cemer	2
15" Surface Circulated 1000 Pump 250 No.	ozmix Pat
	zmix i
100 100 100 100 100 100 100 100 100 100	≻ at
CHEMICAL OR SHOOTING RECORD BEFORE COMPLETION	
Depth Size Chemical or Quantity Date From to	en Character
AFFIDAVIT	
I, R.W. Hines , being first duly sworn on oath state that I have kn	10W-
ledge of the facts and matter herein set forth and that the same are true and	i
correct. (). W. Hence Vice President, Producti	<u>on</u>
$ ho^{\circ}$ Representative of Company	
Subscribed and sworn to before me this 31st day of July 19	
Tarrant County, Market W. S. Wannel Notary Publ	LC
My Commission expires: 6-1-61 W.E. Daniels	
nn ,	ļ

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Toxas Pacific Coal & Oil Company
No. 1 Navajo 138

Apacho (County, Arisona	Perment	oilitv			ual etion 'ore	
Samplo Number	Depth Feet	Willida .		Porosity Per Cent		Total Water	Sample Description and Remarks
L	5566.0-68.5	0.04 #		.3.h	5.0	57.1	Vertical Fracture
Š	68.5-70.2	0.1	0.1	2.1	3.0	66. 7	Vertical Fracture
4 5 6	70.2-72.4	0.2	0.1	3.9	3.0	65.5	Vertical Fracture
7	72.4-73.9	0.1	<0.1	4.5	7.3	63.2	
8	73.9-75.4	0.3	0.1	6.7	13.6	1,2.2	•
9	75.4-76.5	0.2	0.1	5.1	4.3	44.9	
<u>1</u> 0	5576.0-77.7	0.1	40.1	3.0	5.9	63.5	<u> :</u>
11	77.7-79.4	3.9	3.2	3.7	6.5	50.1	
12	79.4-61.3	0.9	40.1	4.7	6.8	- 51.6	ř
ı	5581-82	; 0.	or ,	9.8	9.2.	. 22.4	Vertical Fracture
2	82-83	0.4	_	13.1	5.3	16.8	Vertical Fracture
3	83-84	0.		7.1	7.0	22.5	Vertical Fracture
Ĭ.	81,-85	0.	07	7.5	6.7	29.3	Vertical Fracture
3	65 - 86	⊿ 0′.	Ol	4.1	12.2	24.4	Vertical Fracture
6	86-87	. 0.	90	12.3	11.4	20.3	Vertical Fracture
7	87-88	. 0.		. 6.2	8.1	45.1	Vertical Fracture
8	88-89		03.	8.7 ,	5.8	19.5	Vertical Fracture

^{*} Matrix permeability

- Jameser

15/8/27/20

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CORE AUALISTS RESULTS

Towns Pacific Coal and Oil Co. No. 1 Navajo 138 Apacho County, Aricona

Sample Number	Dopth <u>Foot</u>	Pormer Willid	bility arcys	Poresity Par Cent	Rocid Satur & P	stion -
13	5592.8-94.1	40.1	<0.1	5.6	9.8	59.8
3)1	5597.9-99.0	40.1	40.1	6.3	12.3	38.3
15 16 17 18 19 20 21	5601.0-02.5 02.5-04.1 04.1-06.0 05.0-07.8 07.8-09.5 09.5-11.1 11.1-13.1 13.1-14.9	0.3 0.4 0.3 0.1 0.1 0.1	0.1 0.1 0.1 0.1 0.1 0.1 0.1	4.7 5.8 7.5 6.4 5.1 4.9 5.6 8.7	3.8 3.3 6.8 3.0 2.0 2.0	64.4 59.8 48.2 58.1 63.4 65.3 64.7 61.1

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CORE ANALYSIS RESULTS

Residual

Torms Pacific Goal & Gil Company No. 1 Navajo 138 Apacha County, Arizona

Apacia comin	,,,	Pornesbi	lity	. ;		rattion Toro
	oci oci	Millidar		Poresity Per Cont	017	Votal Vator
21, 22 25 21, 27 26 28 28 29 29 30 31, 31, 33	18-20 20-22.5 .5-24.3 .3-26.2 .2-28.0 .0-29.6 .8-31.5 .5-33.1 .1-34.7 .7-37.0	2.9 7.6 0.2 0.01 * 0.1 12 0.01 * 0.1 0.1	0.3 0.8 0.1 0.1 0.1 0.1	5.6 3.3 2.6 4.1 6.2 1.5 1.5 1.5 4.8	1.1 6.0 3.5 9.6 0.0 1.0 1.5 6.0 3.6	56.2 50.3 67.6 66.7 16.1 60.2 66.3 66.1 65.6

* Natrix permodbility

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CORE AMALYSIS RESULTS

Texas Pacific Coal & Oil Company #2 Mavajo 138 Apacha County, Arizona

	· ·	•	•	: ·	Resid Sahur S P	ztion ore
Sample Number	Dopth Foot	Permeat Fillid		Per Cent	05.3	Total -
2]	5551-52.0	0.3	0.1	0.5	0.0	75.5
22	5555-56.0	0.1	C.1	1.2	0.0	68.6
23	5558-59.0	16	29	1.8	0.0	72.7
ં ટોન્	5563-04.0	1.1	0.1	1.0	0.0	63.3
25	5565-67.0	2.5	<0.1.	0.7	0.0	50.0
26	5569-70.0	0.2	0.2	0.6	20.0	27.2
27	5572-73.0	0.3	0.2	0.9	8.0	50.6
28	5575-76.0	0.0	01 *	0.7	10.6	31.9
29 57 57 52 53 53 53 53 53 53	5578-79.7 79.7-81.8 81.6-83.3 83.3-85.0 84.0-86.5 86.5-87.5 87.5-89.3	14 326 0.1 0.2 0.1 0.1 0.1	3.2 30 0.1 0.1 0.1 0.1 0.1	1.0 2.1 2.1 2.1 1.7 1.5 1.7 2.0	1.9 3.8 8.2 5.4 6.6 4.1 2.4 4.5	58.3 74.8 59.4 52.2 51.2 50.3 52.9 43.2

w Matrix Permeability

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CORE ANALYSIS RESULTS

Residuel

Texas Pacific Coal & Oil Company #2 Navajo 158 Apacho County, Arisona

C

Sample Munber	Depth Foot	Permeabili Millidarc			ration Poro Total Water	Sample Do	escription eks
37 38 39	5592-93.4 93.4-95.0 95.0-96.0	0.2	0.1 1.8 0.1 1.5 0.4 1.0	0.7 2.1	65.8 73.4 78.5	Vertical n	Fracture n

5592-5596 This interval is essentially non-productive.

71

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CORE ANALYSIS RESULTS

Texas Pacific Coal & Oil Company #2 Navajo 138
Apacho County, Arizona

CHANGE TO SEE

#2 Havaj Apacho C	o 138 ounty, Arizona			Resid Satur	ation	
Sample Number	Dopth Fact	Permeability Fillidarcys	Porosity Per Cent		Total Vater	Sample Description and Remarks
10年12年14年14年14年14年14年14年14年14年14年14年14年14年14年	5520-22.0 22.0-21.0 21.0-25.0 5627-30.8 30.8-32.1 32.1-33.8 33.8-35.2 35.2-37.0 37.0-38.5 38.5-10.0 10.0-11.5 11.5-12.8 12.6-11.6 146.1-18.3 148.3-50.0 50.0-52.3 52.3-51.0 51.0-55.7 55.7-57.0	0.7 0. 0.2 0. 7.0 0. 13 * 0.03 * 0.32 * 0.9 0.	1 3.4 1 3.4 2.7 2.1 1.8 1.8 1.8 1.8 1.8 1.8 1.8 1	2.0 2.6 3.2 1.8 3.1 2.5 3.9 10.3 18.6 16.9 12.4 12.5 12.5	81.6 79.6 89.2 81.0 76.9 90.3 79.4 68.9 68.7 61.9 37.8 72.7 73.1 58.2 16.0 50.1 37.2	Vertical Fracture u u u u u u u u u u u u u u u u u u
61 62	58.7-60.3 60.3-62.0	0.06 * 28 *	5.3 10.6	5.8 1.3	37.7 40.5	n

^{*} Matrix Permeability

CORE AMATYSTS RESULTS

Toxan Pacific Coal & Oil Company #3 Mavajo Tract #138
Apache County, Arizona

				Saturation 3 Porc	a 7 The sectors of the
Samlo Number	Dopth Font	Perseability Millidareys	Per Cent	Oil Water	Scaple Description and Reverse
12345678	5332-33.7 33.7-35.5 35.5-36.8 36.8-39.0 39.0-10.8 40.8-12.1 12.1-14.1 14.1-46.0	0.1 0.1 0.01 * 0.01 * 0.5 0.1 5.5 0.3 0.02 * 61 52 0.11 *	5.2 2.8 6.0 4.7 3.4 3.3	3.5 58.6 2.8 64.4 3.6 47.6 2.3 65.4 2.7 60.7 4.5 57.3 3.3 55.7 4.0 55.0	Vertical Fracture n n n n n n n n n n n n n n n n n n

* Matrix Permeability

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Contract Contract

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CORE AMAINSIS RESULTS

Toxas Pacific Coal & Oil #3 Navajo Tract #138
Apacho County, Arisona

Sample	Depth	Permeability	Porosity	Total	Sample Description and Remarks
Number	Foot_	Millidarcys	Por Cent	Oil Water	
9 10 11 12 13 14 15 16 17 16 19 20 21 22 23	5346-47.8 47.6-49.4 49.4-51.1 51.1-52.5 52.5-54.0 54.0-55.9 57.8-59.3 59.3-61.0 61.0-62.0 62.0-64.0 64.0-65.5 65.5-67.3 67.3-69.0 69.0-71.0	1.3 2.4 0.30 % 0.25 % 120 0.2 33 1.0 0.4 0.1 45 0.1 0.01 % 0.09 % 2.2 0.8 0.05 % 1.1 0.2 2.4 0.1 0.10 %	5.9 6.0 1.1 1.1 5.9 3.3 1.2 5.1 1.7 3.8 3.9 2.9 2.2	1.9 56.3 1.9 51.6 1.8 70.2 1.8 71.9 2.4 64.6 3.1 19.4 1.2 59.1 0.0 63.2 3.3 45.2 2.4 52.4 3.0 61.1 2.6 64.7 2.9 65.8 0.0 38.9	

Matrix parmoability

1

(April 1952)					
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(SUBMIT IN TRIPLICATE)

UNITED STATES DEPARTMENT OF THE INTERIOR GEOLOGICAL SURVEY

Budget Bureau No. 42-R359.4. Approval expires 12-31-50.	
Marza èn	

Indian Agency 5573 3

Allottee

Espajo Tribs of Inclass Land No. 1920: 12-20-03-4190

SUNDRY NOTICES AND REPORTS ON WELLS

NOTICE OF INTENTION TO CHANGE PLANS		SUBSEQUENT REPORT OF WATER SHUT-OFF
NOTICE OF INTENTION TO ABANDON WELL	 	1

• • • • • • • • • • • • • • • • • • • •				
serop trad 200		***	May by	, 19
Well No is loca	ated <u>560</u> ft. f	$\operatorname{rom} \left\{ \begin{array}{l} N \\ \mathbf{S} \end{array} \right\} \text{ line a}$	nd 660 ft. from E	line of sec.
mes made 11	40-8	20-8	OLN	•
(14 Sec. and Sec. No.)	(Twp.)	(Range)	(Meridian)	
dildest	Operation		2 633	<u> </u>
(Field)	(County or Subdivision)		(State or	Territory)
				و

The elevation of the derrick floor above sea level is _____ft. 500 Carried Level

DETAILS OF WORK

(State names of and expected depths to objective sands; show sizes, weights, and lengths of proposed casings; indicate mudding jobs, comenting points, and all other important proposed work)

[Prill with robert ris to 7,000 with Grilling mad an associate. Set 10-1/6" & 1200 and consent to at least 500 about those shows the same shows the

Payor Parados - FLAV 709 Kladiozappian - SAXV 709 Devomian - GAXV 709

I understand	that this plan of work must receive approval in writin	g by the Geological Survey before operations may be commenced.
Company	TEXAS PICIPIS COLL AND OIL C	拿 級
Address	P. C. Box 2010	MAD
	Port Corta 1, Tames	By January
		Title Man gor of Production
		,

TYEPRHENT PRINTING OFFICE 16-843

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C:

TTE LAND DEPARTMENT STATE OF ARIZONA

Form OG 51

Form Prescribed Under Oil and Gas Conservation Act of 1951

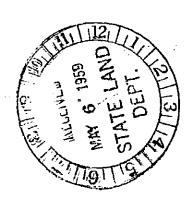
NOTICE OF INTENTION TO DRILL NEW WELL

This notice and surety bond must be filed and permit must be granted before drilling begins

State Land Commissioner	Fort Worth, Texas				
	2				
In compliance with Statewide Rule our intention to commence the work of	3, notice is hereby given that it is drilling well No. 1 Sec. 11,				
Twp. 40-N , Rge. 28E B. & M.,					
Apache County.	Navajo Tract #138				
Legal description of lease All of fractional sections 1 and 2 (attach map or plat to scale)					
and all of sections 11 and 12 (Total of 2357	acres).				
Township 40 North, Range 28 East, Apache Cour	ty, Arizona.				
Location of Well: 660' from North line and 660' from East line of Section 11, Twp. 40N - (Give exact footage from section corners or other					
Range 28E.					
legal subdivisions or streets)					
- 	et. Acres in drilling unit 49 80 JCR \$ 5-11-59				
Has surety bond been filed? Yes	. Is location a regular or exception to				
spacing rule? Regular	CARGO INC.				
Elevation of ground above sea level	5940 feet.				
All depth measurements taken from top	of Rotary Table (Derrick, floor, Rotary Table or				
	· · · · · · · · · · · · · · · · · · ·				
(Kelly Bushing) which	h is (Unknown feet above the ground.				
•	CACING PROCEAU				
PROPOSED	CASING PROGRAM				
Size of Casing	Man Dotton Compating Dontho				
Inches A.P.I. Weight Grade & T					
5-1/2" 14-15.5-17 J-55 Smls.					
Intended Zone or Zones of completion:	Perforated Interval				
Name Paradox Expected To					
Mississippian n					
Devonian it n	6200t				
AFFIDAVIT:					
I hereby certify under the penalty of perjury, that the information contained and statements herein made are to the best of my knowledge and belief, true, correct and complete.					
contained and statements herein made					
contained and statements herein made	are to the best of my knowledge and TEXAS PACIFIC COAL AND OIL COMPANY				
contained and statements herein made	TEXAS PACIFIC COAL AND OIL COMPANY (Applicant)				
contained and statements herein made belief, true, correct and complete.	TEXAS PACIFIC COAL AND OIL COMPANY (Applicant) By Mgr. of Production				
contained and statements herein made	TEXAS PACIFIC COAL AND OIL COMPANY (Applicant) By Mgr. of Production				
contained and statements herein made belief, true, correct and complete. Application approved this 111 Permit No. 77	TEXAS PACIFIC COAL AND OIL COMPANY (Applicant) By Mgr. of Production th day of May 19 59				
contained and statements herein made belief, true, correct and complete. Application approved this 11	TEXAS PACIFIC COAL AND OIL COMPANY (Applicant) By Mgr. of Production				

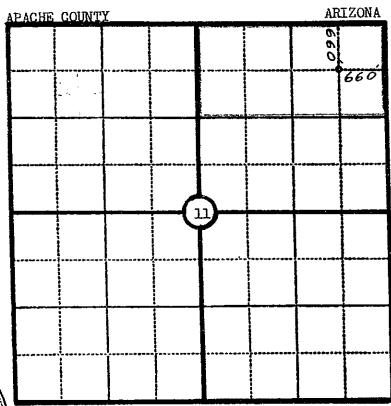
WAS A SHARE OF THE STATE OF THE

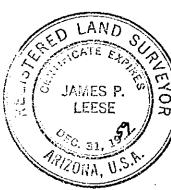
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Company	TEXAS PACIFIC CO	AL AND OIL COMPANY
Lease	NAVAJO	Well No. 1
Seo1	1 , τ 40 NORTH	, R 28 EAST, SLM
Location	660' FROM THE NORTHE EAST LINE	TH LINE AND 660' FROM
Elevation	5940.0 UNGRADED	GROUND





HERE SEE SEE SEE SEE SEE

Scale—4 inches equal 1 mile

This is to certify that the above plot was prepared from field note of actual surveys made by me or under my supervision and that the same are true and correct to the best of my knowledge and belief.

2640

Seal:

Registered Lond Surveyor.

James P. Leesse

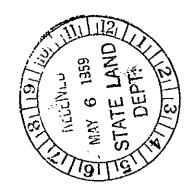
James P. Leeme Ariz. Reg. No. 1849

Surveyed 19 March , 19 59

SAN JUAN ENGINEERING COMPANY, FARMINGTON, N. M.

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The Contractors



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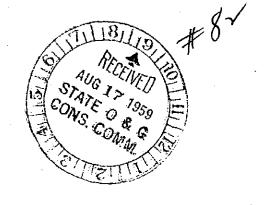
9194

A NO THE LOCAL PROPERTY.

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(-			
T 41 34 Sinclair Superior Pan American	35 Sinclair Superior Pan American	36 Sinclair Superior Pan American	31 Sinclair Superior Pan American
Navaje	Navajo	Navajo	N'svajo
Texaco	T.P.C.&O.Co1/4 Pure Oil Co1/4 Sun Oil Co1/4 Monsanto Chem1/4 Ariz 1	T.P.C.&Q.Co1/4 Pure Qif Co1/4 Sun Qif Co1/4 Monsento Chem1/4 Ariz1	Atlantic Ohio
3	. 2	1	6
T 40 Navajo	Tract / 2357 A Navajo	138 c. Navajo	Navajo
N Texaco	9 Unit "A go Ac. 90 Ac.	T.P.C.&O. Co 1/4 Pure Oil Co 1/4 Sun Oil Co 1/4 Monsanto Chem 1/4 Ariz 1	Allantic Ohio
10	-	12	7
Navajo	Navajo	Navajo	Navajo
Shell	Texaco	Texaco	Ohio
Navajo 15	Navajo I 4	Navajo 13	Navajo 18
_ n	R-2	8-E	R-29-E
			NAVAJO , TR. 138 ARIZ.
			APACHE CO., ARIZONA SCALE: I"= 2000'

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Commence of the Commence of th

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DRY MESA FIELD

Operator:

(

RIM Southwest Corporation

Bond Company*:

Indian lands, evidence of bond posted with BIA

RLI Insurance Co. \$150,000 BIA Nationwide Bond No. RLB0003993

Date of Bond: <u>11/26/01</u>

Date approved:

* Pursuant to Commission motion of October 31, 1997, no bond is required with State of Arizona upon evidence of bond posted with the BIA.

Permits covered by this bond posted with the BIA:

Dry Mesa Field	077 106 115 852 907
Black Rock Field	559 581 868 871 875 882

RIM Southwest Corporation

5 Inverness Drive East Englewood, Colorado 80112 (303) 799-9828 ext. # 303 (303) 799-4259 (fax)

December 3, 2001

Arizona Geological Survey Mr. Steve Rauzi 416 W. Congress St., Suite 100 Tucson, Arizona 85701

Re: Dry Mesa

Navajo Tribal #138 #2 SW NW sec 12 T40N R28E
Navajo Tribal #138 #3 SW SE sec 2 T40N R28E
Navajo Tribal #138 #6 NE SW sec 2 T40N R28E
Navajo Tribal #138 #10 NW SE sec 12 T40N R28E
Navajo Tribal #138 #1 SWD NE SW sec 11 T40N R28E

Apache CO., Arizona

Dear Mr. Rauzi:

Rim Southwest Corporation has assumed operations of the above wells from Coleman Oil & Gas effective November 1, 2001. The wells are covered by our Navajo Nation, Nation wide bond in the amount of \$150,000. The bond number is RLB3993 and is with AON Underwriters Indemnity. If you have any more questions do not hesitate to call me.

Sincerely,

ASS 789 IN THE STATE OF SURVEY SURVEY

Ken Kundrik
Operations Engineer

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SUNDRY NOTICES AND I	REPORTS ON WELLS
1. Name of OperatorColeman Oil & Gas, Inc.	
2. OIL WELL GAS WELL TO OTHER (Sp	pecify)
Location See below	
Sec. 1,2,11,12 Twp. 40N Rge. 28	E County Apache , Arizona
Federal, State, or Indian Lease Number, or lessor's name if fee lease	14-20-603-4190
5. Field or Pool NameDry Mesa	
6. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Date	a
NOTICE OF INTENTION TO:	SUBSEQUENT REPORT OF:
TEST WATER SHOT OF THE PARTY OF	ATER SHUT-OFF WEEKLY PROGRESS BACTURE TREATMENT REPAIRING WELL
TINOTOTE THE TOTAL PROPERTY OF THE PROPERTY OF	RACTURE TREATMENT HEPAIHING WELL HOOTING OR ACIDIZING ALTER CASING
CHANCE DI ANG	ABANDONMENT
(OTHER)	(OTHER)
(Official)	(NOTE: Report results of multiple completion on Well Completion or Recompletion Report and Log, Form 4)
WELLS: Navajo Tract 138 #10, NW SE Section 12-To Navajo Tract 138 #1 SWD, NE NE Section 1 Navajo Tract 138 #02, SW NW Section 12-To Navajo Tract 138 #03, SW SE Section 2-T4 Navajo Tract 138 #06, NE SW Section 2-T4 Navajo Tract 138 #06, NE SW Section 2-T4 Effective August 1, 2001, Coleman Oil & the above lease and all of the wells on RIM Southwest Corporation 5 Inverness Drive East Englewood, Colorado 80112 Phone: (303) 799-9828 RIM Southwest Corporation will become of November 1, 2001.	1-T40N-R28E 40N-R28E 0N-R28E 0N-R28E Gas, Inc. sold all of it's interest in the lease with equipment to:
8. I hereby certify that the foregoing is true and correct.	Operations 11/7/01
Signed As The Windrik Kenneth J. Kundrik	Title Engineer Date
retineen 3. Ronarra	STATE OF ARIZONA
	OIL & GAS CONSERVATION COMMISSION
Permit No. 77, 106, 115, 852, 907	Sundry Notice and Reports On Wells File One Copy
Permit No.	Form No. 25 5/96

Ω

P.O. DRAWER 3337 FARMINGTON, NM 87499



OFFICE: 505-327-0356 FAX: 505-327-9425

Bryan Lewis e-mail: cogblewis@yahoo.com

Wednesday, November 07, 2001

Mr. Steven L. Rauzi Arizona Oil & Gas Conservation Commission 416 West Congress Suite 100 Tuscon, AZ 85701

RE: Dry Mesa Wells

Dear Mr. Rauzi:

Enclosed is one signed original Sundry Notice relating to the change of ownership and operator on the Dry Mesa wells in Apache County. Please call with any questions or additional requirements.

Sincerely,
Byan Jawes

Bryan Lewis Landman

(7/N 77, 106, 115, 852, 907)

SUNDRY NOTICES AND REPORTS ON WELLS

1. Name of OperatorColeman Oil & Gas, Inc.		
2. OIL WELL GAS WELL XX OTHER []	(Specify)	
3. Well Name See below		
Location See below		
Sec. 1,2,11,12 Two. 40 North Rge.	28 East County Apache	, Arizona
4. Federal, State, or Indian Lease Number, or lessor's name if fee lease	14-20-603-4190	
4. 1 costal, class, of fixed resident families, of fiction of fixed a		
5. Field or Pool Name		
6. Check Appropriate Box to Indicate Nature of Notice, Report, or Other	Data	
NOTICE OF INTENTION TO:	SUBSEQUENT REPORT OF:	
TEST WATER SHUT-OFF PULL OR ALTER CASING	WATER SHUTOFF WEEKLY PROGRESS	
FRACTURE TREAT DIRECTIONAL DRILL	FRACTURE TREATMENT REPAIRING WELL	
SHOOT OR ACIDIZE PERFORATE CASING CHANGE PLANS	SHOOTING OR ACIDIZING ALTER CASING ABANDONMENT	1
	(OTHER) Change of Operator	XX
(OTHER)	(NOTE: Report results of multiple completion on Well or Recompletion Report and Log, Form 4)	Completion
WELLS: Including Navajo Tract 138 # 10 Navajo Tract 138 # 10 SWD Navajo Tract 138 # 02 Navajo Tract 138 # 03 Navajo Tract 138 # 06 Effective 08/01/01 Coleman Oil & Gas, Inc. sold all of its interes and all of the wells on the lease to:	st in the aforementioned lease	
RIM Southwest Corporation		
5 Inverness Drive East		
Englewood, CO 80112		
Phone: (303) 799-9828 Fax: (3	<i>0</i> 3) 79 9-4 259	
RIM Southwest Corporation will become operator of these we. 8. 1 hereby certify that the foreloing is true and correct.	lis as of 11/01/01.	
MA ION	Two Vice President Poto November	06, 2001
Signed Coleman	Title Vice Fresident Date Movember	
Permit No. 77, 106, 115, 852; 907	STATE OF ARIZONA OIL & GAS CONSERVATION COMMIS Sundry Notice and Reports On Wells Form No. 25 File One Copy	
	•	5/96

11/6/01 10:08 AM

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Page 1 of 1

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ORGANIZATION REPORT

ull Name of the Company, Organization, or Individual	ual COLEMAN	OIL & C	GAS, INC.	
Aailing Address and Phone Number P O DRAWER 3337, FARMI	NGTON. NM	87499	(50	5) 327-0356
Plan of Organization (State whether organization is CORPORATION	a corporation join	t stock asso	ciation, firm or partners	hip, or individual
Purpose of Organization (State type of business in OTL & GAS EXPLORATION &	which engaged) PRODUCTIO	N		
f a reorganiztion, give name and address of previo				
f a foreign corporation give (1) State where incorporated	(2) Name and n		ss of state agent	(3) Date of permit to do business in state
NEW MEXICO			VE, PHOENIX, AZ	SEPTEMBER 26, 1997
Principal Officers or Partners (if partnership) NAME				MAILING ADDRESS 1800 McDONALD ROAD FARMINGTON, NM 87401
GEORGE E. COLEMAN G. CHRIS COLEMAN			TREASURER_	1909 CHILTON CT FARMINGTON, NM 87401
JAMES C. ANDERSON				2585 S. ST PAUL DENVER, CO 80210
DIRECTORS NAME GEORGE E. COLEMAN			·	MAILING ADDRESS D ROAD, FARMINGTON, NM 87401
G. CHRIS COLEMAN BARBARA M. COLEMAN		_ 	1909 CHILTON 1800 McDONAL	
			V	ICE-PRESIDENT of the
COLEMAN OTL & GAS, INC. report was prepared under my supervision and of	(company), a	nd that I am authorized	by said company to make this report; and that this
			Signature	
			7-11-01 Date	
			OIL & GAS	STATE OF ARIZONA
Mail completed form to Oil and Gas Program Administrator Arizona Geological Survey 416 W Congress., #100 Tucson, AZ 85701			Form No. 1	Organization Report File One Copy

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P.O. DRAWER 3337 FARMINGTON, NM 87499 OFFICE: 505-327-0356 FAX: 505-327-9425



VIA US MAIL August 15, 2000

United States Environmental Protection Agency 1235 LaPlata Hwy. Suite A Farmington, NM 87401 7/N 77

Re:

Class IID Injection Well Navajo Tract #138

Dry Mesa Field

US EPA Permit No. NAS900000002

Dear Mr. Walker:

Attached are the Annual Disposal / Injection Reports that you had requested for the Navajo Tract #138 Dry Mesa #1 Disposal Well. As you can see the Maximum Injection Pressure was exceeded from Jan. 98 through Aug. 98. It was my understanding that after we pressure tested the tubing casing annulus in the fall of 1997 to 900 psig that we could increase our injection pressure to 800 psig. In December 1998 your letter sent to us indicated that the maximum injection pressure had been exceeded and that the maximum was 550 psig. At this point the pumper was informed not to exceed 550 psig wellhead pressure.

Several scale samples from workovers and flowlines indicate that the injection fluids have a high tendency to precipitate out and form various types of scales (Calcium Sulfate, Calcium Carbonate and Iron Sulfide). It appears that the perforations were scaling off causing high injection pressures. Several acid treatments have been done on this well with reduction in injection pressures each time. In order to inhibit the scale from forming an extensive scale program has been initiated to prolong the intervals between required acid treatments thus maintaining lower injection pressures.

Most of the workovers and completions that I have preformed in this area indicate a higher fracture gradient than is represented with the maximum injection pressure. It would be my recommendation to run another injection step rate test next time equipment is in the area. Precautions will need to be taken to make sure that the perforations are free of scale prior to running a step rate test to avoid false information.

If you have any questions or need any additional information please do not hesitate to contact Chris Coleman or myself at 505/327-0356.

Thank you very much.

Sincerely,

Coleman Oil & Gas

Michael T. Clare

Michael T. Hanson

CC:

USA EPA Region IX, San Francisco, CA

BLM, Farmington NM

Oil and Gas Conservation Commission, Tucson AZ



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P.O. DRAWER 3337

FARMINGTON, NM 87499

OFFICE: 505-327-0356 FAX: 505-327-9425



June 12, 2000

United States Environmental Protection Agency 1235 LaPlata Hwy. Suite A Farmington, NM 87401

Re:

Class IID Injection Well Navajo Tract #138 Dry Mesa Field

US EPA Permit No. NAS900000002

PAN 77

TOTAL STETTING TO THE STEET STEET

Dear Mr. Walker:

Attached is the wellbore schematic that you had requested for the Navajo Tract #138 Dry Mesa #1 Disposal. This well was worked on in October 1997 and December 1997. In October the well was cleaned out to 5630 Ft. K.B., tubing was inspected and a rental string was installed. Tubing was replaced in December with New PVC lined 2 3/8" 4.7#/ft J-55 EUE 8 RD.

The tubing casing annulus was tested each time the well was pulled. In addition two other times, once with the Navajo EPA witnessing and the latest last month for the state of Arizona. Tubing casing annulus was tested to at least 700 psig and held for 30 minutes.

If you have any questions or need any additional information please do not hesitate to contact Chris Coleman or myself at 505/327-0356.

Thank you very much.

Sincerely,

Coleman Oil & Gas
Michael T. Hanson

Michael T. Hanson

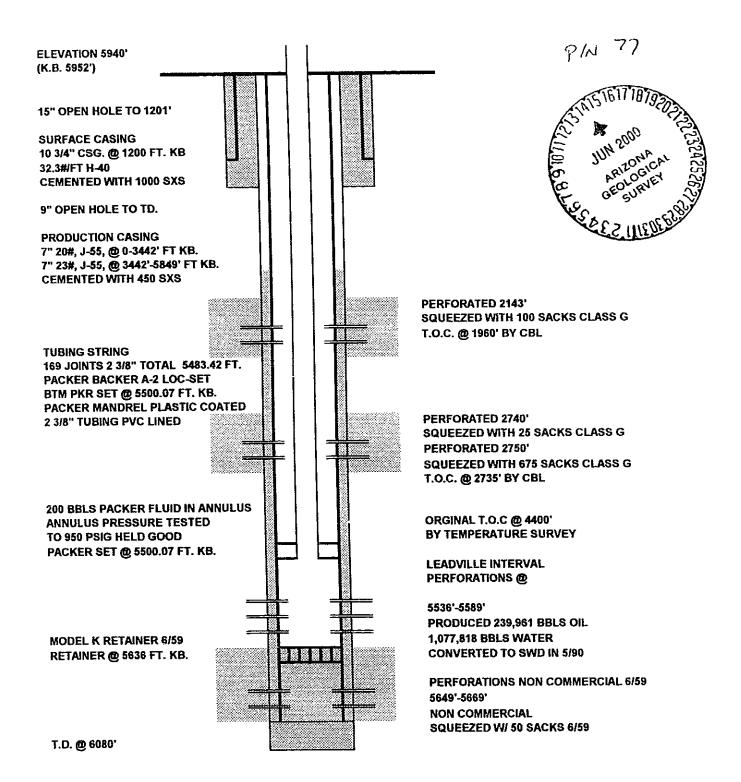
cc: USA EPA Region IX, San Francisco, CA

BLM, Farmington NM

Oil and Gas Conservation Commission, Tucson AZ

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DRY MESA #1
NAVAJO TRACT 138
WATER DISPOSAL WELL
NENE SECTION 11 T40 R28E
DRY MESA FIELD
APACHE CO. ARIZONA
WELLBORE SCHEMATIC



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PREPARED BY MICHAEL T. HANSON 06/12/2000

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GENERAL SE

P.O. DRAWER 3337 FARMINGTON, NM 87499



OFFICE: 505-327-0356 FAX: 505-327-9425



VIA CERTIFIED MAIL

May 3, 2000

United States Environmental Protection Agency 1235 LaPlata Hwy. Suite A Farmington, NM 87401

Re:

Class IID Injection Well Navajo Tract #138 Dry Mesa Field

US EPA Permit No. NAS900000002

P/N 77

Dear Mr. Walker:

This is to follow up our phone conversation last fall concerning the Navajo Tract #138 Dry Mesa #1 Disposal. As I Mentioned Coleman Oil would like to make certain that the US EPA Permit # NAS 900000002 remains active. The economics of the producing wells at Dry Mesa are dependent on this disposal well.

If you have any questions or need any additional information please do not hesitate to contact Chris Coleman or myself at 505/327-0356.

Thank you very much.

Sincerely,

Coleman Oil & Gas

Michael T. HAMSON

Michael T. Hanson

CC:

USA EPA Region IX, San Francisco, CA BLM, Farmington NM Oil and Gas Conservation Commission, Tucson AZ



22



WALSH

ENGINEERING & PRODUCTION CORP.

Petroleum Engineering Consulting Lease Management Contract Pumping 7415 East Main Farmington, New Mexico 87402 (505) 327-4392

November 6, 1997

FAX 520 770-3505

TO:

Steve Rauzi

FROM:

Ruth Rogge

As per your conversation with Chris Coleman, enclosed please find an approved Designation of Operator and also a copy of approved Letter of Credit Bond No. 564 for Coleman/Thompson.

I am also enclosing a copy of letter received from Mr. Clint W. Smith concerning bonding on this lease. I will send you copies of the above in the mail today.

If you need anything else, please give me a call.

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P/N 77

enderoks

09/17/97 11:22 FAI

COLFMAN OIL GAS

2001



United States Department of the Interior

BUREAU OF INDIAN AFFAIRS
NAVAJO AREA OFFICE
P. O. Box 1060
Gallup, New Mexico 87305

DEY YER

PEREY 100 PK STOATA

ARES/543

SEP 12 1997

Mr. Chris Coleman Coleman Oil and Gas, Inc. P. O. Box Drawer 3337 Farmington, New Mexico 87499-3337

Dear Mr. Coleman:

Enclosed for your information and use is an approved original copy of Designation of Operator between Coleman Oil & Gas, Inc., and Thompson Engineering & Production Corporation on Navajo Tribal Oil and Gas Lease No. 14-20-603-4190.

Please note that all other concerned parties will be furnished their approved copy of the Designation of Operator for their use.

Sincerely,

Acting Area Realty Officer

Enclosure

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11:22 FAX 5-5 327 4862

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UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF INDIAN AFFAIRS

(Sabait la trialicate te appropriate quice)

DESIGNATION OF OPERATOR

The undersigned is, on the records of the Bureau of Indian Affairs, holder of lease

AREA OFFICE:

LEASE NO: 14-20-603-4190

and hereby designates

Thompson Engineering & Production Corporation

ADDRESS: 7415 East Hain Farmington, N.M. 87402-5180



as his operator and local agent, with full authority to act in his behalf in complying with the terms of the lease and regulations applicable thereto and on whom the authorized officer may serve written or oral instructions in securing compliance with the Operating Regulations (43 CFR 3160 and 25 CFR 211 and 212) with respect to (describe acreage to which this designation is applicable):

T40N, R28 E; G&SRM

Section 1, 2 -ALL (Fractional)

Section 11 and 12-ALL

2365.09 Acres, Surveyed, Apache County, Arizona

Bond coverage under 25 CFR 211, 212 or 225 for lease activities conducted by the above named designated operator is under Bond Number Letter Of Credit #564 (attach copy). Evidence of bonding is required prior to the commencement of operations.

It is understood that this designation of operator does not relieve the lessee of responsibility for compliance with the terms of the lesse and the Operating Regulations. It is also understood that this designation of operator does not constitute an assignment of any interest in the lease.

In case of default on the part of the designated operator, the lessee will make full and prompt compliance with all regulations, lease terms, stipulations, or orders of the he Interior or his

Attach all appropriate documentation relevant to this document.

The lessee agrees promptly to notify the authorized officer of any change in the designated operator.

E. Coleman, President

July 1, 1997

THE PARTY OF THE P

Coleman Oil & Gas, Inc. P.G. Drawer 3337 Farmington, N.M.

(Address)

APPROVED, PURSUANT TO SECURIARY'S REDUCESTON ORDER 209 DM, 8 SECRETARY'S ORDER NOS. 3150 MD/3177, AND 10 STAR BULGESTON 13, AS RECORDS. nne Nanes

APPROVED BY

87499

This form does not constitute an information collection as defined by 44 U.S.C. 3502 and therefore does not require CMB approval.

CHECK BOOK OF THE PARTY OF THE

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Edition in

United States Department of the Interior

BUREAU OF INDIAN AFFAIRS NAVAJO AREA OFFICE

P. O. Box 1060 Gallup, New Mexico 87305-1060

IN REPLY REFER TO:

ARES/543

AUG 2 2 1997

Underwood

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Mr. Chris Coleman Coleman Oil and Gas, Inc. P. O. Drawer 3337 Farmington, New Mexico 87499-3337

Dear Mr. Coleman:

Enclosed for your information and file is a copy of the approved Letter of Credit Bond No. 564 for the amount of \$75,000 for lease No. 14-20-603-4190. The original copy will be on file in our office.

If you have any further questions, you may contact Ms. Bertha Spencer, Realty Specialist, at (520) 871-5938.

Sincerely,

ActingArea Realty Officer

Enclosure

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AUG 7 1997

TA OFFICE BRANCH UF HEAL ESTATE SERVICES RECEIVED

JUL. 14 1997

NAVAJO AREA CO CE BRANCH OF REAL ESTATE DERVICES

June 30, 1997

AUG P . 1097

IRREVOCABLE LETTER OF CREDIT

NAVAJO AREA OFF HER MORE ALL MORNING

Letter of Credit No. 564

First National Bank of Farmington P.O. Box 4540 Farmington, NM 87499-4540

Amount: U.S. \$75,000.00

Beneficiary: Bureau of Indian Affairs Navajo Area Office P.O. Box 1060 Gallup, NM 87305-1060

Applicant: Coleman Oil and Gas, Inc. Thompson Engineering & Production Corp. P.O. Drawer 3337 Farmington, NM 87499-3337

Date of Issue: 6/30/97

Expiration Date: Written Approval of BI;

Gentlemen:

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NOV 1997

SURVEY

The thereton in the market agency to the

First National Bank of Farmington ("Surety") hereby issues our Irrevocable Letter of Credit No. 564 in favor of the Bureau of Indian Affairs, Navajo Area Office, hereinafter referred to as Beneficiary for the account of Coleman Oil & Gas, Inc. ("Principal") for the sum of up to, but not exceeding, Seventy-Five Thousand and No/100 U.S. Dollars (\$75,000.00) available by your draft. This Irrevocable Letter of Credit is a guarantee that the operator/lessee/assignee/ permittee shall well and truly perform and fulfill all the undertakings, covenants, terms, and conditions of said agreement and the applicable federal regulations (25 CFR, 30 CFR and 43 CFR). The draft will be made available upon written certification from the Area Director, Navajo Area, stating that such amounts are due and payable. Each sight draft so drawn and presented shall be honored by us if presented. This Letter of Credit refers to x oil and gas x activities on the entire: Navajo Lease Allottment No: BIA 14-20-603-4190.

It is the express condition of this Letter of Credit that it shall be in effect until the Area Director, Navajo Area, in writing, cancels said Letter of Credit upon request of the Principal or Surety. The Principal and Surety agree that the Letter of Credit shall extend to and include all extensions and renewals of the legge/permit/agreement covered by this Letter of Credit, such coverage to continue without interruption due to the expiration of ARIZONA the term set forth therein. GEOLOGICAL

Sharing the Hometown Spirit

Post Office Box 4540 • Farmington, New Mexico 87499-4540 • (505)326-9000 • TDD(TYY) 326-9035

PAGE 5



Coleman Oil & Gas, Inc. Letter of Credit No. 564 June 30, 1997 Page 2

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The Surety hereby waives any right to notice of any modification of any lease/permit/agreement, or obligation thereunder whether effected by extension of time for performance, by commitment of such lease to unit, cooperative, or communitization agreement, by waiver, suspension, or change in rental, by minimum royalty payment, by compensatory royalty payment, or otherwise, and this Letter of Credit is to remain in full force and effect notwithstanding.

The Principal and Surety agree that the neglect or forbearance of any obligee under this Letter of credit in enforcing the payment of any obligations or the performance of any other covenant, condition, or agreement of any such lease/permit/agreement shall not in any way release the Principal and Surety, or either of them, from any liability under this Letter of Credit.

The original signed Letter of Credit will be presented to the Surety by the Bureau of Indian Affairs along with any draft presented pursuant to this Letter of Credit, and will be surrendered to the Surety with any draft which draws the full amount, or the balance remaining available, under the Letter of Credit.

PROVIDED, that in the event supervision over all the tracts to which this bond applies is relinquished by the Secretary of the Interior and the lessee/permittee/assignee/operator/contractor shall have made all payments then due under the agreement and shall have fully performed all obligations on their part to be performed up to the time of relinquishment of supervision, the liability of this bond shall be of no further force and effect.

Sharing the Hometown Spirit

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Charter Member FDIC

Coleman Oil & Gas, Inc. Letter of Credit No. 564 June 30, 1997 Page 3

IN PRESENCE OF:

Corporate Principal:

Coleman Oil & Gas, Inc. P.O. Drawer 3337

Farmington, NM 87499-3337

G. Chris Coleman

Title: Vice President

Thompson Engineering & Production Corp. 204 North Auburn

Farmington, NM 87401

Paul C. Thompson

Title: President

Issuing Agent:

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First National Bank of Farmington P.O. Box 4540

Farmington, NM 87499-4540

Dennis E. Peterson

Title: Executive Vice President

DEPARTMENT OF THE INTERIOR Bureau of Indian Affairs

august 21, 1997

APPROVED: Pursuant to Secretarial

ANGOGRÄK MARKEN NOS. 3150 and

3177, and 10 BIAM Bulletin Area Director 13, as Amended sharing the Hometown Spirit

Post Office Box 4540 • Farmington, New Mexico 87499-4540 • (505)326-9000 • TDD(TYY) 326-9035

of Farmington Charler Member FDIC

August 1, 1997

United States Department of the Interior Bureau of Indian Affairs PO Box 1060 Gallup, NM 87305-1060

Attention: Acting Area Director

Dear Sir:

On March 19, 1997, the Board of Directors of First National Bank of Farmington duly elected Dennis Peterson as Executive Vice President of First National Bank and thereby conveyed authority to Mr. Peterson to act on behalf of the Bank.

Mr. Peterson is indeed authorized to sign the Irrevocable Letter of Credit in question for Coleman Oil & Gas, Inc. on behalf of First National Bank of Farmington.

If you have further questions you may contact me at 505-324-9548.

Ginger R. Dye
Executive Secretary to the Board of Directors

ARIZONA GEOLOGICAL SURVEY

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RECEIVED

FER WALL SERVICE

AUG 7 1997

NAVAJO / JEA OFFICE BRANCH OF REAL ESTATE SERVICES

Sharing the Hometown Spirit

NOV 06 197 (THU) 16 12 COLEMAN CIL

Clint W. Smith P.C.

931 E. Southern Ave., #212 Mesa, Arizona 85204 (602) 892-9300 (602) 545-9252 (Fax)

November 4, 1997

Mr. Chris Coleman Coleman Oil & Gas P.O. Drawer 3337 Farmington, NM 87499

Re: Dry Mesa Corporation

Dear Chris:

It has come to our attention that your company has not yet posted the required bonds with the Arizona Oil and Gas Commission. Accordingly, we have not been able to recover our bond there. As you know, your cooperation is required, pursuant to the court's order, "to ensure that transfer documents are lodged with the appropriate governmental agencies," so that we may recover our cash bond.

Please take immediate action to obtain a bond with the State of Arizona so that we may recover our bond. If I have not heard from you within ten days, we will be forced to initiate litigation to enforce our rights. I will look forward to hearing from you.

Very truly yours,

Clint W. Smith

ARIZONA ARIZON

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ORGANIZATION REPORT

THOMPSON ENGINEERING & PRO			
lailing Address and Phone Number		505 I	007 1000
7415 E. Main Farmington, Plan of Organization (State whether organization is	New Mexico 87402		327-4892
Pan of Organization (State whether organization is Corporation	a corporation, joint stock asset	ciation, min or parates	oup, or mornane.
Purpose of Organization (State type of business in Oil & Gas	which engaged)		
f a reorganiztion, give name and address of previo	us organization		
If a foreign corporation, give	(2) Name and mailing addr	ess of state agent	(3) Date of permit to do business in state
(1) State where incorporated	(r) reme and manny and		
			1
Principal Officers or Partners (if partnership)	TITLE		MAILING ADDRESS
NAME			
Paul C. Thompson	President		7415 E. Main Farmington, New Mexico 87402
Tage C. Thompson			7415 E. Main
Leslie W. Thompson	Vice President		Farmington, New Mexico 87402
	 		
			İ
	<u> </u>		
DIRECTORS NAME			MAILING ADDRESS
		D	sident of the
CERTIFICATE: I, the undersigned, under the portion of the property of the control of the property of the prope	enalty of perjury, state that 1 a	im the <u>FTE</u>	by said company to make this report; and that this
report was prepared under my supervision and d			
report was prepared under thy supervision and u	MECDOIL GIRD FIRE 1979 2001		A.
119	702177	Signature	no-g
	P 1997	8/29/97	
St. St		Date	
SE SE SE SE SE	RIZONA CLOGICAL CURVEY		STATE OF ARIZONA
E GE	SURVEY	OII & GAS	S CONSERVATION COMMISSION

STATE OF ARIZONA OIL & GAS CONSERVATION COMMISSION

> Organization Report File One Copy

> > 2/96

Form No. 1

(3

Mail completed form to:
Oil and Gas Program Administrator
Arizona Geological Survey
416 W. Congress., #100
Tucson, AZ 85701

-77-The state of the s



Governor

State of Arizona Arizona Geological Survey

416 W. Congress, Suite 100 Tucson, Arizona 85701 (520) 770-3500



Larry D. Fellows Director and State Geologist

December 1, 1997

CERTIFIED MAIL

Mr. Ken Hand 15 Willowbrook Wichita KS 67207

Release of Performance Bond, C.D. #2538054

Dear Ken:

Our records show that Dry Mesa Corporation has no outstanding drilling or plugging obligations in Arizona. As a result, the referenced certificate of deposit and executed release form are enclosed.

It has been our pleasure working with you the past several years.

Sincerely,

Steven L. Rauzi

Oil & Gas Program Administrator

Stevent Rains

Enclosures

SENDER: Complete items 1 and/or 2 for additional services. Complete items 3, 4s, and 4b. Print your name and address on the reverse of this form so that we card to you. Attach this form to the front of the malipiece, or on the back if spacpermit. Write "Return Receipt Requested" on the malipiece below the article The Return Receipt will show to whom the article was delivered and delivered.	to does not 1. Addressee's Address to number. 2. Restricted Delivery
3. Article Addressed to: MR KEN HAND 15 WILLOWBROOK WICHITH K5 67207	4a. Article Number PIGTOGT STOC 4b. Service Type Registered Express Mail Return Receipt for Merchandise 7. Date of Dejivery
5. Received By: (Print Name) 6. Signature: (Addressee or Agent) X	8. Addresses Address (Only if requested and fee is paid)

SENDER: "Complete items 1 and/or 2 for additional services. "Complete items 3, 4a, and 4b. "Print your name and address on the reverse of this form so that we card to you. "Attach this form to the front of the mailpiece, or on the back if space permit. "Write "Return Receipt Requested" on the mailpiece below the article was delivered.	does not 1. Addressee's Address number. 2. Restricted Delivery
3. Article Addressed to: MR KEN HAND 15 WILLOWBROOK WICHITH KS 67207	4a. Article Number Compared Certified Express Mali Insured Return Receipt for Merchandise COD Code Code Code Code Code Code Code Code Code Code Code Code Code Code Code Code Code Code Code Code Code Code Code Code Code Code Code Code Code Code Code Code Code Code
5. Received By: (Print Name) 6. Signature: (Addressee or Agent)	8. Addressee's Address (Only If requested and fee is paid)

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Operator DRY MESA CORPORATION

Bond Company C.D. @ VALLEX NATIONAL BANK Amount \$25,000

Bond No. C.D. #2538054 Bate Approved 11729/89

Permits covered by this bond:

77 - SwD Dry Mesa Field

106 - Dry Mesa Field

115 - Dry Mesa Field

232 - Teee Nos Pos Field

582 - SwD TNP

640 - TNP

663 - TNP

678 - TNP

852 - Dry Mesa Field

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And producting the appropriate about the property

SECURITIES SAFEKEEPING 1700 WEST WASHINGTON ST. - PHOENIX, ARIZONA 85007

STATE AGENCY OIL & gas CONSERVATION COMM. COMPANY DRY MESA CORPORATION B. O. BOX. 5446 FARMINGTON NM 87499 DOMESTIC FOREIGN C.D. NO.: BANK: MATURITY DATE: INTEREST RATE: % AMOUNT \$ C.D. ASSIGNMENT MUST BE ATTACHED UNLESS C.D. IS PAYABLE TO STATE TREASURER RELEASE	Only
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ASSIGNMENT TO ARIZONA STATE TREASURER
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SECTION 35-155 ARIZONA REVISED STATUTES

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COUNTY San Juan	New Mex		499	505 325-205	CITY	
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hereinafter referred to as ASSIGN the TREASURER, all right, title hereinafter accruing after the date Valley Ra	of this assignment in the	insured acc	ount of ASSIGNOR	ne State of Arizona, h	eleipalter reformat :	lo as interest
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whose address is 820 Wes			rirv		5936	
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compliance with ARS 27 Commission. Dated this 20th day of				und 005 (ouservation	ity for
			19 <u>89</u> , at Far	mington, N.	M. A	संहरूतः
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•	Attach Original Assignmen	t to Certifi	cates of Deposit and	File with State.		

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NULL Value Value BRANCH.	National Bank of 7 zona	(jv	rtificate of Deposit ON TRANSFE BLE BRANCH NO. 043	2538054 DATE 11-24-89
THIS CERTIFIES	THAT THERE HAS BEEN DEPOSITED I	N IHIS BANK		
PAY TO ARIZ	CONA STATE TREASURER		ACCOUNT NO. 8562-9077	\$ 25,000.00
UPON SURRENDER OF THIS CERTIFICATE PROPERTY ENDORSED)	DRY MESA CORPORATION P O BOX 5446 FARMINGTON, NEW MEXICO 87	THIS CERTIFICATE I NOVEME 1499AT THE RATE OF FIRST INTEREST FA	8.0000 DESC 24 1989	FROM ISSUE DATE ON BE PAID MONTHLY \$ PER ANNUM ON A 365 DAY YEAR BASIS
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Arizona Geological Survey

416 W. Compress. Suits 100

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(320) 770-1500



7-28-97

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Phone: Fax phone:	415-744-1235	
CC.		

From: 5-	teve Rauzi
AZG:	S .
Phone:	(520) 770-3500
Fax phone:	(520) <i>1</i> 70–350 <i>5</i>
Please a	all if I may assist.

REMARKS: Urgent Depoint Personnent Reply ASAP Please comment

3 letters from Dry Mesa Corp dated 7-22-97 regarding
notice of sale and transfer of Class-II water disposal

Permit @ Dry Mesa Field, Arizma, Navajo Nation.

We tecognize that USEPA has primary enforcement authority on this well (API # 02-001-05159) and deter to you at this point. The last MIT in our becords was May 1992. We would appreciate copies of Your correspondence rejarding this well. Thanks.

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DRY MESA CORPORATION
15 Willowbrook

15 Willowbrook Wichita, Kansas 67207 (316) 684-0420

Steve Rauzi
Oil and Gas Program Administrator
Arizona Geological Survey
845 North Park, #100 4/6 W. Congress #100
Tucson, Arizona 85719
85701

file 77

July 22, 1997

Request for Transfer of Water Disposal Permit

Effective July 1, 1997, Dry Mesa Corporation (DMC) did sell to Coleman Oil & Gas all of DMC's interests, responsibilities, and operations in Dry Mesa Field located on Navajo lease #14-20-603-4190 which includes all of Sections 1, 2, 11, and 12, T40N - R28E, Apache county, Arizona. Coleman Oil & Gas will assume operations of the field effective July 1, 1997 and will be the Operator of Record.

Included in this sale is a water disposal well permitted through the State of Arizona Oil and Gas Commission. This well is known as:

Well #1 API #02-001-05159 SWD Well
State of Arizona Permit #77 Water Disposal Permit Dated February 16, 1990
located in NE/4 NE/4 Sec 11, T40N - R28E, Apache County, Arizona

DMC requests that the State of Arizona Oil and Gas Commission transfer the Salt Water Disposal permit that it granted for this well to Coleman Oil & Gas. DMC has furnished Coleman Oil & Gas a copy of this permit and the May 31, 1991 and September 1, 1993 Amendments for their review.

You can contact Coleman Oil & Gas at (505) 327-0356 for any additional information that you will need to make the transfer.

Sincerely,

Bob Hand

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Dry Mesa Corporation

DRY MESA CORPORATION 15 Willowbrook Wichita, Kansas 67207

(316) 684-0420

Steve Rauzi Oil and Gas Program Administrator Arizona Geological Survey 845 North Park, #100 4/6 W. Congress # 100 Tucson, Arizona 85719

July 22, 1997

Notice of Sale and Request for Termination of Bond Liability

Effective July 1, 1997, Dry Mesa Corporation (DMC) did sell to Coleman Oil & Gas all of DMC's interests, responsibilities, and operations in Dry Mesa Field located on Navajo lease #14-20-603-4190 which includes all of Sections 1, 2, 11, and 12, T40N - R28E, Apache county, Arizona. Coleman Oil & Gas will assume operations of the field effective July 1, 1997 and will be the Operator of Record.

Included in this sale are the wells named below and all surface facilities and production equipment located on this lease.

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Well #1

API #02-001-05159

SWD Well

NE/4 NE/4 Sec 11, T40N - R28E, Apache County, Arizona

Well #2

API #02-001-05303

Gas Well

SW/4 NW/4 Sec 12, T40N - R28E, Apache County, Arizona

Well #3

API #02-001-05305

Gas Well

SW/4 SE/4 Sec 2, T40N - R28E, Apache County, Arizona

API #02-001-05160

Gas Well

SW/4 SW/4 Sec 1, T40N - R28E, Apache County, Arizona

API #02-001-20283

NE/4 NW/4 Sec 2, T40N - R28E, Apache County, Arizona

Upon written conformation of this sale and acceptance of financial responsibility (posting of bond) for the above named wells by Coleman Oil & Gas, DMC requests that all liabilities and obligations that DMC may have under it's existing Arizona Producers Bond concerning these wells be terminated.

Sincerely,

Bob Hand

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Dry Mesa Corporation



Fife Symington Governor

State of Arizona Arizona Geological Survey

416 W. Congress, Suite 100 Tucson, Arizona 85701 (520) 770-3500



Larry D. Fellows
Director and State Geologist

July 10, 1997

Mr. Paul Thompson Thompson Engineering & Production 7415 E. Main Farmington, New Mexico 87402

Dear Mr. Thompson:

Mr. Alan Emmendorfer has informed me that Thompson Engineering & Production will be operating the Dry Mesa Field, Arizona, on behalf of Coleman Oil & Gas. Welcome to Arizona.

To facilitate the transfer, I am enclosing some of our forms (with references to pertinent rules) that you should complete and file with this office as soon as possible. These include:

(1) Organization report (A.A.C. R12-7-194),

(2) Designation of operator (A.A.C. R12-7-101(11)),

- (3) Operator's certificate of compliance and authorization to transport oil or gas from lease (A.A.C. R12-7-183),
- (4) Performance bond or alternative assignment (A.A.C. R12-7-103),
- (5) Monthly producer's report (A.A.C. R12-7-161), and
- (6) a few Sundry notices.

Legible copies of these forms are acceptable.

Let me know if we may be of assistance or answer any questions.

Sincerely,

Steven L. Rauzi

Oil & Gas Program Administrator

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Enclosures

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14-20-603-4190 (GC) 3163.1 (07347)

	MAY 1 3 1994	77
CERTIFIED RETURN RECEIPT REQUESTED		106
P 866 760 517		113
Mr. Ken Hand		213
Dry Mesa Corporation		· - 7
No. 15 Willow Brook		8) L
Wichita, Kansas 67207		ŭ

Dear Mr. Hand:

On May 12, 1994, a joint inspection was performed by representatives from the Bureau of Indian Affairs (Navajo Area Office), Navajo Nation Minerals Department, Bureau of Land Management and Dry Mesa Corporation on Navajo Tribal Lease 14-20-603-4190. It was determined and agreed to by all parties that Dry Mesa Corporation has satisfied the stipulations of "Notice to Shut Down Operations" (No. NM07094BS001) issued October 15, 1993, by the Bureau of Land Management.

Dry Mesa Corporation is hereby notified that the Notice to Shut Down Operations is lifted and may resume operation of Navajo Tribal Lease 14-20-603-4190.

If you have any questions, pleas contact Mike Flanken with this office at (505) 599-6381.

Sincerely,

[s] John L Keller

John L. Keller Assistant District Manager Division of Mineral Resources

Mr. Akhtar Zaman The Navajo Nation Minerals Department P. O. Box 146 Window Rock, AZ 86515

Bureau of Indian Affairs Navajo Area Office P. C. Box 1060 Gallup, NM 87305-1060

Mr. James Miles Indian Minerals Office 1400 La Plata Highway Farmington, NM 87401

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AZ OIL & GAS CONSERVATION COMMISSION

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Fife Symington Governor

Arizona Geological Survey

845 North Park Avenue, #100 Tucson, Arizona 85719 (602) 882-4795



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Larry D. Fellows
Director and State Geologist

March 8, 1994

Mr. Kenneth R. Hand Dry Mesa Corporation 15 Willowbrook Wichita, KS 67207

Dear Mr. Hand:

According to our records, Dry Mesa Corporation posted a \$25,000 state-wide performance bond on November 24, 1989, to cover its operations in the State of Arizona. Dry Mesa Corporation, therefore, meets the current bonding requirements of the Arizona Oil and Gas Conservation Commission to operate its existing, permitted oil and gas wells in Arizona.

Our records further indicate that Dry Mesa Corporation's bond currently covers six active permits at the Navajo-O (BIA 14-20-603-716) lease and five active permits at the Navajo-138 (BIA 14-20-603-4190) lease.

Please let me know if I can be of further assistance.

Sincerely,

Steven L. Rauzi

Oil & Gas Program Administrator

Stewn C. Rains

c Dennis Peterson, First National Bank, Farmington, NM



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION IX

75 Hawthorne Street San Francisco, Ca. 94105-3901

FEB 1 7 1994

file 77

Dry Mesa Corporation 15 Willowbrook Wichita, KS 67207

Attn: Bob Hand

Dear Mr. Hand:

RE: Dry Mesa Salt Water Disposal Well 138-1

Apache County, Arizona USEPA Permit No. NAS900000002

Enclosed is the permit modification to your permit allowing the injection of fluids from the Dry Mesa and Black Rock fields, as you requested in your letter of January 14.

Sincerely,

Martin Zeleznik

UIC Navajo Project Officer

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UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION IX

75 Hawthorne Street San Francisco, Ca. 94105-3901

FEB 1 7 1904

file 77

Dry Mesa Corporation 15 Willowbrook Wichita, KS 67207

Attn: Bob Hand

Dear Mr. Hand:

RE: Dry Mesa Salt Water Disposal Well 138-1 Apache County, Arizona USEPA Permit No. NAS900000002

Enclosed is the permit modification to your permit allowing the injection of fluids from the Dry Mesa and Black Rock fields, as you requested in your letter of January 14.

Sincerely,

Martin Zeleznik

UIC Navajo Project Officer

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AZ OIL & GAS CONSERVATION COMMISSION

MAR 1 0 1994

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MINOR MODIFICATION TO PERMIT NO. NAS900000002 ISSUED TO DRY MESA CORPORATION

It is understood and agreed that under Section C., WELL OPERATION, Sub-Section 5. Injection Volume (Rate) Limitation, paragraph (a) is amended to appear as follows:

" (a) No more than 800 barrels of water per day (BWPD) of produced brine fluids from wells in the Dry Mesa and/or the Black Rock Fields shall be injected into the Mississippian Formation in this well provided further that in no case shall injection pressure exceed 550 pounds per square inch (psig). "

All other permit conditions remain unchanged.

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This modification to be effective on and after February 16. 1994.

Harry Seraydarian, Director Water Management Division

US EPA Region IX

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MAR 1 0 1994

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BEFORE THE OIL AND GAS CONSERVATION COMMISSION OF THE STATE OF ARIZONA

In the matter of the Hearing called by the Oil and Gas Conservation Commission of the State of Arizona for the purpose of considering: Bernet ?!

CASE NO. 69 ORDER NO. 62

The application of Dry Mesa Corporation to amend its permit for an injection well in sec. 11, T. 40 N., R. 28 E., in the Dry Mesa Field, to allow disposal of water from wells producing from Mississippian and Pennsylvanian formations in the greater Dry Mesa-Black Rock Field, Apache County, Arizona

ORDER OF THE COMMISSION

This cause was considered at a public hearing, duly noticed and conducted in accordance with A.R.S. § 27-516(B), at 10:00 a.m. on August 20, 1993, at Phoenix, Arizona, by the OIL AND GAS CONSERVATION COMMISSION OF THE STATE OF ARIZONA, hereinafter referred to as the COMMISSION.

The COMMISSION, a quorum being present, having considered the facts presented and being fully advised in the premises, finds as follows:

FINDINGS:

- (1) THAT the COMMICISION has jurisdiction of the subject matter thereof, pursuant to A.R.S. §§ 27-515 and 27-516(A)(20).
- (2) THAT adequate geological and engineering data has been presented to the COMMISSION to conclude that the Mississippian formation in the subject area has sufficient porosity and permeability, low enough formation pressure, and ample void space to accept large volumes of injected water.
- (3) THAT water in the Mississippian formation contains naturally occurring hydrocarbons and is not a source of drinking water and that water produced with the hydrocarbons from the overlying Pennsylvanian formation will not contaminate a possible source of drinking water by being injected into the Mississippian formation.
- (4) THAT adequate geological and engineering data has been presented to the COMMISSION to conclude that the Mississippian formation in the subject area is effectively isolated from underground sources of drinking water.
 - (5) THAT the construction plan for the subject well is sufficient to insure that

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Order No. 62 Dry Mesa Corporation

Page 2

the injected waters will be injected into the Mississippian formation and to protect shallower aquifers, if any are present in the area, from contamination by the injected waters.

- THAT mechanical integrity tests performed on the subject well demonstrate that injected waters are being confined to the Mississippian formation.
- THAT injection of water separated from the stream of hydrocarbons produced from the Mississippian and Pennsylvanian reservoirs in the Dry Mesa Field into the subject disposal well demonstrates the viability of extending this process to the Black Rock Field.

THEREFORE THE COMMISSION ORDERS:

- THAT the application of Dry Mesa Corporation to amend its permit for an injection well in sec. 11, T. 40 N., R. 28 E., in the Dry Mesa Field, to allow disposal of water from wells producing from Mississippian or Pennsylvanian formations in the greater Dry Mesa-Black Rock Field, Apache County, Arizona, be approved.
- THAT the mechanical integrity test provision in Order 58, dated May 7, 1990, be amended from requiring the test on an annual basis to requiring the test at least once every two years starting on or about May 1994. Otherwise the mechanical integrity test provision shall remain unchanged.

OIL AND GAS CONSERVATION COMMISSION

Date 8-31-93

ATTEST:

Oil and Gas Program Administrator

Date ?--- ?___



Fife Symington

State of Arizona Arizona Geological Survey 845 North Park Avenue, #100

845 North Park Avenue, #100 Tucson, Arizona 85719 (602) 882-4795



Larry D. Fellows Director and State Geologist

June 29, 1993

Mr. Ken Hand Dry Mesa Corporation 15 Willowbrook Wichita, KS 67207

Re:

Sale and designation of operator at Dry Mesa Field (Navajo tract 138)

Dear Ken:

I talked with Bob this morning about your pending sale of the Dry Mesa Field to Chuska Energy Company. As a result of our conversation, I have enclosed several copies of our "Designation of Operator" form so that you may officially notify this office of the transfer.

With respect to transfer of the wells, A.A.C. R12-7-103.B (copy enclosed) requires three things before the Commission can release your bonded responsibility for the wells. These are (1) that you properly notify the Commission in writing of what is being transferred, (2) that the transferee declare to the Commission in writing acceptance and bonded responsibility for the wells, and (3) the Commission approves the transfer.

With respect to transfer of the disposal well, A.A.C. R12-7-178 (copy enclosed) requires that you notify the Commission on the "Designation of Operator" form in triplicate before the proposed transfer date. The Commission will send a copy of the approved form to the former and proposed operator along with a copy of the order authorizing injection.

Please let me know if I can be of further assistance in this matter.

Sincerely,

Steven L. Rauzi

Oil & Gas Program Administrator

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Enclosures

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State of Arizona Arizona Geological Survey

845 North Park Avenue, #100 Tucson, Arizona 85719 (602) 882-4795

Fife Symington

Larry D. Fellows Director and State Geologist

May 18, 1992

12, 77)

Mr. Bob Hand Dry Mesa Corporation 7255 Corporate #907 Houston, Texas 77036

Dear Bob:

Enclosed is the water analysis that Monty gave me. Note that the source of the water is not identified. A.A.C. R12-7-176(B)(6) requires "designation of the substance proposed to be used for injection, analysis of the substance to be injected, the source, and the amount to be injected daily." R12-7-176(B)(8) requires "the source and an analysis of the chemical, physical, radiological and biological characteristics of the injection fluid."

R12-7-176 also requires at least 15 days published notice. The next Commissioners meeting is scheduled for July 6 in Phoenix, which means that you would need to have all the required information to this office by the week of June 15. Enclosed is A.R.S. 27-517 on hearings and fees thereto.

The Commission in Case 64, Order 58, dated 5/7/90, approved your application to convert the Navajo 1 to a disposal well provided that you inject only water produced from the Mississippian and only from your own wells at the Dry Mesa Field. In Case 67, Order 60, dated 7/19/91, the Commission approved amendments to your disposal permit to allow injection of water produced from other formations into the Mississippian and to increase your maximum injection rate to the amount indicated as safe by a documented step-rate injectivity test. Neither of these cases took into account the disposal of water not produced from the Dry Mesa Field.

You may need to modify your permit from the EPA.

Sincerely,

Steven L. Rain

Steven L. Rauzi Oil & Gas Program Administrator

Enclosures

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MEMORANDUM TO FILE

DATE:

MAY 11, 1992

FROM:

STEVEN L. RAUZI

SUBJECT: MECHANICAL INTEGRITY TEST, NAVAJO-138 #1, PERMIT #77

ON MAY 6, 1992, I WITNESSED THE MECHANICAL INTEGRITY TEST OF THIS WELL. THE CASING-TUBING ANNULUS ABOVE THE PACKER WAS PRESSURED UP TO 600 PSI FOR 30 MINUTES. THERE WAS NO DROP IN PRESSURE: THE WELL HAS MECHANICAL INTEGRITY.

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DRY MESA CORPORATION

POST OFFICE BOX 5446 FARMINGTON, NEW MEXICO 87499 505 325-2058

May 8, 1992

Steve Rauzi Arizona Oil and Gas Commission 845 North Park, #100 Tucson, AZ 85719

RE: Navajo Tract 138, Well #1 - Injection Well Workover Apache County, Arizona

Dear Steve:

Free portage frame of the designation of

Dry Mesa Corporation has recently completed a minor workover on Navajo Tract 138 - Well #1. The workover details follow:

The original Leadville (Mississippian) perforations were at 5566' – 5589'. We called out Schlumberger to perforate some additional porosity at 5590' – 5619' (29' total) while the well was out of production. Schlumberger could not get their perforating gun past 5589' (depth of the bottom most existing perf). Apparently the rest of the hole is full of fill or casing scale. Since we were going to be charged for the perf job regardless, it was decided to perforate the 29' of Leadville directly above the existing perforations. The well was perforated at 5536' – 5565' (29') with 2 shots/ft using a 4" gun. Standing fluid level was 2000' below surface (3566' of water column) before and after perforating. This works out to a calculated bottom hole pressure of 1608 psi. The standing fluid level in 5/90 was at 2400' below surface (3166' of water column) for a calculated BHP of 1428 psi. Evidently, some reservoir repressuring is taking place. (Note: the original BHP measured in Well *3 in the Leadville interval was 1695 psi.)



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The existing 2-3/8" steel tubing and flowline were replaced with plastic coated 2-7/8" J-55 steel tubing set at 5515. The existing Baker Model A01 Double Grip Packer was replaced with a Baker Lock-Set Packer set at 5515' with a 11,000 lb. overpull.

The tubing-casing annulus was filled with packer fluid. The well was Mechanical Integrity Tested by pressuring the tubing-casing annulus to 600 psi for 30 minutes. Pressure at the end of 30 minutes was 600 psi, the well tested good. The test was witnessed by Steve Rauzi, Oil and Gas Program Administrator for the State of Arizona (phone number 602 - 882-4795). The well was operational on 5/8/92.

I have enclosed a log section showing the new perforations, a Well Bore Diagram showing the state of the well as of 5/8/92, and a Well Completion Form reflecting these changes.

Sincerely,

Bob Hand

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Oil and Gas Conservation Commission

STATE OF ARIZONA

5150 N. 16th STREET, SUITE B-141 PHOENIX, ARIZONA 85016 PHONE: (602) 255-5161

July 22, 1991

Mr. Ken Hand Dry Mesa Corporation P. O. Box 5446 Farmington, NM 87499

RE: Commission Order No. 60

Dear Ken:

Enclosed is a copy of Commission Order No. 60 which amends your permit for the disposal well in the Dry Mesa Field, Apache County, Arizona.

Your \$50.00 deposit check is also enclosed.

Sincerely,

Steven L. Rauzi

Oil & Gas Program Administrator

Steven L. Roning

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Oil and Gas Conservation Commission

STATE OF ARIZONA

5150 N. 16th STREET, SUITE B-141 PHOENIX, ARIZONA 85016 PHONE: (602) 255-5161

BEFORE THE OIL AND GAS CONSERVATION COMMISSION OF THE STATE OF ARIZONA

In the matter of the Hearing called by the Oil and Gas Conservation Commission of the State of Arizona for the purpose of considering:

> CASE NO. 67 ORDER NO. 60

The application of Dry Mesa Corporation for amendments to its permit for a disposal well in SWSW Sec 11, T40N-R28E, G&SRB&M, Apache Co., Arizona

ORDER OF THE COMMISSION

This cause was considered at a public hearing, duly noticed and conducted in accordance with A.R.S. 27-516.B, on May 31, 1991, at 10:00 A.M., at Phoenix, Arizona, by the OIL AND GAS CONSERVATION COMMISSION OF THE STATE OF ARIZONA, hereinafter referred to as the Commission.

The COMMISSION, a quorum being present, having considered the facts presented and being fully advised in the premises, finds as follows:

FINDINGS:

And the second second

- 1.) That the Commission has jurisdiction of the subject matter thereof, pursuant to ARS 27-515 and 27-516.A.20.
- 2.) That adequate geological and engineering data has been presented to the commission to conclude that the Mississippian formation in the subject area has sufficient porosity and permeability, low enough formation pressure, and ample voidage to accept large volumes of injected water.
- 3.) That a documented step-rate injection test may safely be used to determine the maximum amount of water which may be injected into subject well.
- 4.) That additional perforations may be made in the Mississippian section in subject well to increase the volume of porosity available for injection.

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Dry Mesa Corporation, Order No. 60 Page - 2 -

- 5.) That "Driscopipe" may be safely used to replace "corrosion-resistant tubing" to reduce corrosion of the injection tubing in subject well.
- 6.) That water in the Mississippian formation contains naturally occurring hydrocarbons and is not a source of drinking water and that water produced with hydrocarbons from the overlying Pennsylvanian formation will not contaminate a possible source of drinking water by being injected into the Mississippian.

THEREFORE THE COMMISSION ORDERS:

1.) That the application of Dry Mesa Corporation for amendments to its permit for a disposal well in SWSW Sec. 11, T40N-R28W be approved.

OIL AND GAS CONSERVATION COMMISSION

By Jan C. Wilt, Chairman

Date July 19, 1991

Attest:

11.25466289

Steven L. Rauzi

Oil & Gas Program Administrator

DATE 7-22-91

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Oil and Gas Conservation Commission

STATE OF ARIZONA

5150 N. 16th STREET, SUITE B-141 PHOENIX, ARIZONA 85016 PHONE: (602) 255-5161

April 4, 1991

Mr. Bob Hand Dry Mesa Corporation P. O. Box 5446 Farmington, NM 87499

Dear Bob:

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We have received your letter of March 22 containing several questions. I'll try to answer them in order.

I think the best way for you to go with regard to the additional perforations and disposal of water from the Navajo #2 gas well would be to submit a formal request for those things (with a \$50 check) so that the Commission can have a public hearing. The existing permit refers to the application which shows the perforations you wanted to use. Also the existing permit is very clear that you may only inject Mississippian water from your own wells. It seems to me that we talked about adding the Pennsylvanian, but that you decided not to ask for the Penn on the original application.

I would not have any problem recommending that the Commission approve those changes in the permit.

I do have a problem, and I am sure the Commissioners would have a bigger problem with your not having installed the "coated corrosion resistant tubing" described in the original application. I predict that they will require that you install such tubing forthwith. The Phillips Drisopipe sounds like it is about the most economical way to go. If I were you, I would be prepared to use it and include it in your application.

I like the idea of running the BHP. When the new tubing is installed, you would have to run an MIT, but that doesn't take long.

The next Commission meeting is scheduled for April 19, and it is too late to get the required advertising done before the meeting. Normally, they have meetings every two months, but if you get your application in promptly, we could probably have one in May. It takes three to four weeks to comply with the legal requirements for calling a hearing.

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Mr. Bob Hand

April 4, 1991 Page - 2

As for plugging procedures, you are right, the Chinle and the De Chelly are considered to be sources of drinking water in the area and have to be protected. Our rules for plugging (copy enclosed) require a plug above the producing zone and plugs completely across fresh water zones, with "heavy mud" between plugs and a plug 50 feet in and out of the surface casing.

The BIM doesn't normally send us copies of anything, so we have not received copies of plugging plans you evidently filed with them. However, we do have a "Proposed Plugging Program for Teec Nos Pos Field" that you sent us quite a while ago. That is the one with the Wingate mentioned in it. But the well diagrams don't show any plugs.

I am sending you a supply of our Form 9, <u>Application to Plug and Abandon</u> and Form 10, <u>Plugging Record</u>. On Form 9, in the section asking for details, just refer to the sundry you sent BLM and include a copy.

The tops you enclosed with your letter are reasonably consistent, and we can live with them.

I'm sending back a copy of your generic plugging program with comments as necessary.

Steps 1 to 3 OK.

Step 4 Adjust for Chinle, 50' above and below De Chelly and Chinle. Step 5 Adjust to insure cement inside pipe across De Chelly and Chinle. Step 6-8 OK.

As for plugging the injection well, that is best handled separately. But our requirements are basically the same as for regular wells. Just use lots of cement.

Have you thought about shooting off the 5-1/2 above the lowest plug and pulling it out of the hole? It might make it easier to do the rest of the job.

We will be looking for your submission of Form 9, and when it comes, we will respond promptly. \cdot

I have checked the laws and our rules, so what I say is my opinion and advice, but you always have the right to appeal under the provision of ARS 27-525 and 526.

Very truly yours,

Daniel J. Brennan Executive Director

Enclosures

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NOTICE OF PUBLIC COMMENT PERIOD and PUBLIC HEARING

by

U. S. Environmental Protection Agency, Region 9
Water Management Division
Underground Injection Control Section (W-6-2)
1235 Mission Street
San Francisco, CA 94103

on the application by Dry Mesa Corporation for an Underground Injection Control permit to operate an injection well.

Public Notice Number NA-UIC-90-P02

The Regional Administrator, Region 9, Environmental Protection Agency (EPA), proposes to issue an Underground Injection Control (UIC) permit to operate a Class II water disposal injection well to the applicant named below, pursuant to the Safe Drinking Water Act, as amended in 1986, (42 U.S.C. 300f et seg.) (SDWA) and its implementing regulations (40 C.F.R. Parts 124, 144, 146, 147, and 148). Information regarding the facility, its application, and draft permit is listed below.

Name and address of applicant:

Dry Mesa Corporation P. O. Box 5446 Farmington, New Mexico 87499

Facility name and location:

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Navajo Tract 138 No. 1 Well NE/4 NE/4 Section 11-T4ON-28E Navajo Lands Dry Mesa Field Apache County, Arizona

As proposed, the draft permit would allow the facility the use of the injection well, identified as Navajo Tract 138, Injection Well No. 1, for disposal of water associated with oil and gas production from the Navajo Tract 138, No. 3 and No.6 wells.

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The draft permit includes construction, operation, monitoring, and closure requirements for the injection well.

As required by Title 40 of the Code of Federal Regulations, Section 124.9, the administrative record, which includes the application, draft permit, and other information, is available for public inspection at the EPA Region 9 Water Management Division office, 630 Sansome Street, San Francisco, CA.

The draft permit and Statement of Basis are also available for review at:

Navajo Nation Library Window Rock, Arizona 86515

Farmington Public Library Farmington, NM 87401

The following comment period and proposed public hearing will provide EPA with the information and public opinion necessary to issue, modify, or deny the permit.

The public comment period closes on April 23, 1990. The public hearing will be held on May 4, 1990, from 1:00 p.m. to 5:00 p.m. at:

Navajo Nation Training Center Window Rock, Arizona 86515

Requests to present oral testimony should be filed by April 23, 1990. If significant public interest in holding the hearing is not expressed by April 23, 1990, EPA intends to forgo the hearing. Those who requested a hearing will be notified in writing. If the public hearing is cancelled, any appeals pertaining to previously written comments or pertaining to changes from the draft to the final permit, pursuant to 40 CFR §124.19, may be submitted no later than May 23, 1990.

Requests for a public hearing should include the following information:

- the name, address, and telephone number of the individual, organization, or other entity requesting a hearing;
- 2) a brief statement of the requesting person's interest in the proposed action and of information that the requesting person intends to submit at such hearing; and

3) the signature of the individual making the request, or if the request is made on behalf of an organization or other entity, the signature of a responsible official of the organization or other entity.

Comments or requests for a public hearing must be mailed to the address below:

Environmental Protection Agency, Region 9
Water Management Division
Underground Injection Control Section (W-6-2)
1235 Mission Street
San Francisco, California 94103
Attention: James Walker

A final decision to issue, modify, or deny the permit will be made after all comments have been considered. Notice of the final decision will be sent to each person who has sent or delivered written comments or who requested notice of the final permit decision. If issued, the permit will become effective 30 days from the date of issuance unless:

- 1. a later effective date is specified in the permit;
- 2. an administrative review is requested under 40 CFR §124.19 or;
- there are no comments requesting a change to the draft permit, in which case the final decision may become effective immediately upon issuance.

All persons are advised that they must raise all reasonably ascertainable issues and submit all reasonably available arguments and factual grounds supporting their position by the close of the comment period, pursuant to 40 CFR §124.13. In any review of the final permit decision, no issues may be raised that were not submitted to the administrative record unless good cause is shown for the failure to do so, pursuant to 40 CFR §124.76.

For further information, please contact James Walker at (303) 293-1429.

Please bring this notice to the attention of all persons who would be interested in this matter.

Dated: March 22, 1990

March 22, 1991

Dan Brennan Arizona Oil and Gas Commission 5150 North 16th Street Suite B-141 Phoenix, Arizona 85016

#71 #232-

RE: Navajo Tract 138, Well #1 Injection Well Construction Apache County, Arizona

Dear Mr. Brennan:

The second second

Dry Mesa Corp. is evaluating various coated tubing types to determine the best option for use in the Navajo #1 SWD well in Dry Mesa Field. Our findings to date based on field operations and conversations with other Basin producers indicate that:

- 1. Untreated steel tubing suffered severe corrosion damage in a short time during our initial disposal operations. A chemical program has been initiated and the results appear to be satisfactory.
- 2. Fiberglass lined tubing has been used in the area with mixed success. After several years of use in very corrosive environments, flaking and 'birdnesting' of the fibers has been reported in some areas. This can lead to plugging of perforations and reduced formation permeability. Fiberglass lined tubing is also expensive.
- 3. Plastic coated tubing has been used with some success. The major drawback (along with the high cost) is that sealing rings must be used at the tubing joints. Apparently, it is common for these rings not to seat properly resulting in sever corrosion at the exposed joint. This leads to tubing leaks and well pulling expenses.
- 4. The most promising corrosion resistant tubing option that I have found is the use of Driscopipe lined steel tubing. Driscopipe is a Phillip's product that is used by it's self in low pressure hostile environments such as landfill methane vents. Driscopipe is a polymer (?) and is not affected by most corrosive elements found in oil field operations. For use in injection wells, lengths of Driscopipe are cut to match individual tubing joints, the Driscopipe is inserted into the steel tubing, and special tools are used to heat and expand the Driscopipe to permanently fuse the Driscopipe to the tubing. Sealing rings are not needed however, after 6 8 make ups or break outs, the Driscopipe will degrade at the tubing joint. Phillips has been using Driscopipe in their injection wells and flowlines

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in the Aneth Field with excellent results. I am told by Phillips that Driscopipe coated tubing is not effected by the pressures, temperatures, or any well fluids that we will experience in our well. The price quoted to me for Driscopipe and the installation procedure was \$.75 - \$1.50 per foot depending on tubing size and transport cost. We anticipate using around 8,000 feet for the well and flowline.

J. J. - 2-12.3

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I am considering running a BHP survey in the well when it is down for this construction. If the BHP is near original conditions (1,600 psi), we are considering perforating additional porosity intervals in the Leadville below the current perfs. This additional interval (5,589' - 5,618') is probably in contact with the existing perfs (5,566' - 5,589') from naturally occurring fractures. This additional interval would provide us with more entry points into the reservoir with relatively little effect as to fracture gradients, water chemistry problems, etc. The BHP from the existing perfs, calculated from the standing fluid level in 5/90 was 1,428 psi. This figure is an educated guess at best because the true nature of the fluid column wasn't precisely known. If there are not any major pressure differences between the porosity intervals open at 5,566' - 5,589' and the proposed perf interval at 5,590' - 5,618', this would provide us with additional capacity for future water disposal requirements.

We have obtained a Right of Way permit from the Navajo's for the long awaited gas line. We anticipate having the line in and the well producing within a month of this letter. I do not anticipate any or at least minor initial water production from the Navajo #2 gas well. It would no doubt benefit us to modify our injection permit to cover this water. Can you advise us of the necessary information or procedures we should follow to get this done?

On a different subject, I have been in contact with a company in Farmington that specializes in plugging wells. They have given me some practical advise on different procedures that will save time, money, and do a better job of plugging. According to the BLM, the two aquifers that need plugging are the De Chellys and the Chinle. I have enclosed a table with the tops and bases for these two zones (Tops for the Chinle came from the BLM and EPA). I believe they sent you copies of there approvals. Perhaps when Steve is in Farmington for the MIT test, we can get together and decide on a plugging procedure that will satisfy the State. I will then send revised plugging programs to the various parties for final approval.

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It is our intent to go with Driscopipe as soon as weather and cash flow will allow it. We had a very bad winter. We had to replace both heater treaters, rebuild one pumpjack engine, and parted rods three times. Additionally, we had numerous gas line freeze pus and a 12 day water line freeze. When we finally got things sorted out, the price of oil dropped \$15/barrel. Hopefully with warmer weather and a producing gas well, our cash flow problems will ease and we can do the necessary well work and P&A Teec Nos Pos Field.

Look this over and see what you think. We will be in touch.

Sincerely:

Bob Hand

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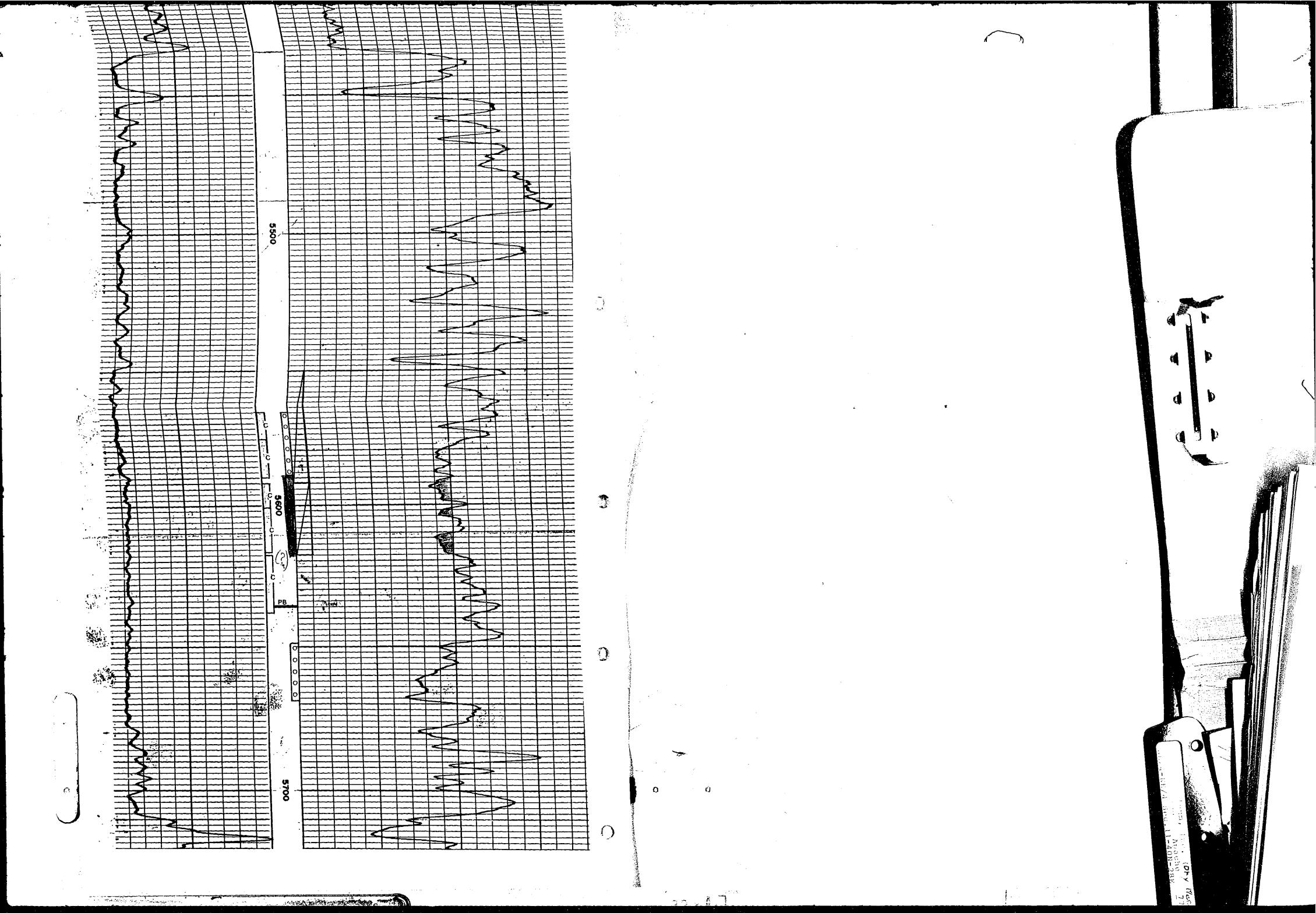
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                    spotty fluor.
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               Dol; Gy, bn, buff, f. xln, suc, becoming arg. toward base, w/irr .
70-76-1/2
               bands of fiar to vugular poro bleeding oil and gas, some c. xin
               infilling, trece gilsonite in vugs, occ. fractures, tr. org. cht.
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                Dol; as above w/fair wug poro. occ. tite short vertical fractures
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                Chaetetes
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                open w/few thin sh. stringers, tr. sul chaetetes, tr., crinoids,
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                 oil poor to fair vuggy poro, chaetetes present. ? Sulphur on
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                      slowly bleeding O. & G.
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  2-1/2-5
                  O.AG. from wags and fractures.
   5-6-1/2
                  Micro xin.
                  Dol; Fair xln, poor to fair wugular porc. Some wugs weredry.
   6-1/2-9
                  Dol; fair to good paro , bleeding O. & G.
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                  Dense to Crypto down toward base.
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                  Lost 1-1/2 mud from pit 30-35 bbls.
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Oil and Gas Conservation Commission

STATE OF ARIZONA

5150 N. 16th STREET, SUITE 8-141 PHOENIX, ARIZONA 85016 PHONE: (602) 255-5161

February 13, 1991

Mr. Ken Hand Dry Mesa Corporation P. O. Box 5446 Farmington, NM 87499

RE: Permit 77 Dry Mesa 1 Navajo 138 SWSW Sec 11, T40N-R28E

Dear Ken:

As you may recall, last May, you were authorized to deviate from your original plan for subject well by using the existing tubing for a period of up to six months. You had committed to replacing the existing tubing with plastic lined tubing by the end of that period, or ceasing injection operations.

To date, we have not received confirmation that you have replaced the tubing as planned. If you have replaced the tubing, please send us verification by return mail.

Also please remember that one of the conditions of the permit is that you run a mechanical integrity test once a year. It is my understanding that the initial MIT was conducted on May 8, 1990 so the next test is due between May 8 and July 7, 1991.

Thank you for your cooperation in this matter.

Very_truly yours,

Daniel J. Brennan Executive Director

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UNITED STATES ENVIRONMENTAL PROTECTION AGENCY REGION IX

215 Fremont Street San Francisco, CA 94105

MAY 29 1990

Mr. Kenneth R. Hand Dry Mesa Corporation P. O. Box 5346 Farmington, NM 87499 Certified Mail: P 560 660 382 Return Receipt Requested In reply refer to: W-6-2

Authorization to Inject and Minor Permit Modification UIC Permit No. NAS900000002 Navajo Tract 138, Well No. 1 Dry Mesa Field Apache County, Arizona

Dear Mr. Hand:

Same Samuel Same

We received your completed Well Rework Record (EPA Form 7520-12) and the required supplemental documents and data for the referenced well on May 22, 1990. The mechanical integrity of the well has been adequately demonstrated by the required well logging surveys and pressure testing of the casing, tubing, and packer. The existing injection formation reservoir pressure was determined and a step rate test was conducted to identify the fracture pressure of the injection formation. This information has been reviewed by the EPA and the well has been found to be in compliance with the conditions of the permit.

Based on the results of the step rate injectivity test, the apparent fracture pressure of the injection formation is between 3014 and 3120 psig bottom hole pressure. Accordingly, to avoid initiating new or propagating existing fractures in the confining layers, the maximum permitted injection pressure shall be reduced from 1100 to 550 psig surface pressure, which is equivalent to a bottom hole pressure of approximately 3000 psig. This provision is in accordance with 40 CFR Part 146.23(a)(1).

Your request to increase the maximum injection rate from 500 to 800 barrels of water per day (.56 barrels per minute) is hereby approved subject to the maximum injection pressure limitation of 550 psig specified above. The increased volume of injected fluid can be permitted because it will not cause migration of formation or injected fluids to move into any USDW, nor cause any injected fluids to move beyond the one-half mile Area of Review boundary, in accordance with Part II, Section C.5.(c) of the Permit.

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Minor modifications to the Permit are incorporated as follows:

Permit Condition Part II, Section C.4. <u>Injection Pressure</u>
<u>Limitation</u>. is hereby modified to read: "(a) Injection pressure at the surface shall not exceed **550** pounds per square inch (psig) for injection into the Mississippian formation."

Permit Condition Part II, Section C.5. <u>Injection Volume</u>
(Rate) <u>Limitation</u>. is hereby modified to read: "(a) No more than **800** barrels of water per day (BWPD) of produced brine fluids from the No. 3 and No. 6 wells shall be injected into the Mississippian Formation in this well provided further that in no case shall injection pressure exceed that limit shown in Part II, Section C.4.(a) of this permit."

The permittee may request an increase in maximum injection pressure and/or rate in accordance with Permit Conditions Part II, Section C.4. and/or Section C.5.

All other permit conditions shall remain in effect as described in the Final Permit for the referenced well, issued May 1, 1990.

If you have any questions on these actions, please contact Lester Kaufman, Chief, Underground Injection Control Section, at (415)705-2107 or James Walker, UIC Environmental Engineer, at (303) 293-1429.

Sincerely,

Harry Seraydarian, Director Water Management Division

cc: VDaniel Brennan, Executive Director Arizona Oil & Gas Commission

Raymond Roessel, Manager Underground Injection Control Program Navajo EPA

Ken Townsend, Chief of Fluid Minerals U. S. Bureau of Land Management

James Stevens, Area Director Navajo Area Office Bureau of Indian Affairs

C

DRY MESA CORPORATION

POST OFFICE BOX 5446
FARMINGTON, NEW MEXICO 87499
505 325-2058
17 May 1990

Mr. Dan Brennan
Executive Director
Arizona Oil & Gas Commission
5150 North 16th Street
Suite B-141
Phoenix, Arizona 85016

Re: Well #1, Tract 138
Apache County, Arizona
Conversation To Water Disposal Well

Dear Mr. Brennan:

Enclosed is a copy of the rework record as well as construction notes and US EPA forms for the work on the subject well. Also enclosed are copies of CBL, Tracer Survey and Injectivity Pressure Tests.

This letter is asking for final approval from the State of Arizona to start injecting produced water from the Dry Mesa Field. This letter also requests the maximum allowable water injection rate be raised from 500 barrels per day to 800 barrels per day.

Sincerely,

Kenneth R. Hand

Enclosures

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OFFICE OF

Gil and Cas Conservation Commission

STATE OF ARIZONA

1645 WEST JEFFERSON, SUITE 420 PHOENIX, ARIZONA 85007 PHONE: (602) 255-5161

May 10, 1990

Ken Hand 15 Willowbrook Wichita, KS 67207

Dear Mr. Hand:

Enclosed is the order of the Oil and Gas Conservation Commission approving Dry Mesa's application to convert the well in SW SW Sec. 11,T.40N,R28E G&SRB&M, Apache County, Arizona, into a disposal well.

The order grants you authority to convert the existing well, to inject water from your presently existing wells only, and only water from the Mississippian. The order provides that the operator shall conduct a Mechanical Integrity Test once in every 365 day period and that if the MIT is not conducted for a period of 455 days, the well shall be plugged within the next 30 days.

You are hereby separately authorized to deviate from your original plan and to use the existing tubing in the well for injection for a period of up to six months, after which it shall be replaced by plastic-lined tubing or injection operations shall cease.

The deviation from the original plan was unanimously approved by the Commission on April 20, 1990.

If you have any questions, please feel free to call on us for assistance.

Sinserely,

The second second

Daniel J. Brennan Executive Director

Company of the Compan



Oil and Gas Conservation Commission

STATE OF ARIZONA

5150 N. 16th STREET, SUITE B-141 PHOENIX, ARIZONA 85016 PHONE: (602) 255-5161

BEFORE THE OIL AND GAS CONSERVATION COMMISSION OF THE STATE OF ARIZONA

In the matter of the Hearing called by the Oil and Gas Conservation Commission of the State of Arizona for the purpose of considering:

> CASE NO. 64 ORDER NO. 58

The application of Dry Mesa Corporation for approval of an application for a disposal well in SWSW Sec. 11, T40N, R28E, G7SRB7M Apache County, Arizona.

ORDER OF THE COMMISSION

This cause was considered at a public hearing, duly noticed and conducted in accordance with A.R.S. 27-516(B), on February 16, 1990 at 10:04 A.M., at Phoenix, Arizona, by the OIL AND GAS CONSERVATION COMMISSION OF THE STATE OF ARIZONA, hereinafter referred to as the Commission.

The COMMISSION, a quorum being present, having considered the facts presented and being fully advised in the premises, finds as follows:

FINDINGS:

The state of the s

- (1) THAT the COMMISSION has jurisdiction of the subject matter thereof, pursuant to ARS 27-501 and 27-516 A.20.
- (2) THAT adequate geological and engineering data has been presented to the COMMISSION to conclude that the Mississippian formation in the subject area is effectively isolated from underground sources of drinking water.
- (3) THAT the Mississippian formation in subject area has sufficient porosity and permeability and low enough formation pressure to accept the volume of water expected to be injected.
- (4) THAT the quality of the water separated from the stream of hydrocarbons produced from the Mississippian reservoir in Dry Mesa Field, T40N, R28E, Apache County is compatible with its injection into the Mississippian formation in subject well.

O

Page -2-

ORDER NO. 58

(5) THAT the construction plan for subject well is sufficient to insure that injected waters will be injected into the Mississippian formation and to protect shallower aquifers, if any are present in the area, from contamination by the injected waters.

THEREFORE the COMMISSION orders:

(1) THAT the Application by Dry Mesa Corporation for a disposal well in SWSW, Sec. 11, T40N, R28E, G&SRB&M, Apache County, Arizona, be approved:

PROVIDED that the well is constructed as proposed in the application and

provided that the operator shall conduct a mechanical integrity test, of a type approved by the Commission, and after notice to the Commission sufficient to allow the Commission to witness the test, within one year after the date of the mechanical integrity test required for completion of the well and within each succeeding year for so long as the well is not plugged and abandoned. The well shall not be used if the time between mechanical integrity tests exceeds 365 days. If the time since the latest test exceeds 455 days, the well shall be plugged and abandoned within 30 additional days unless the Commission grants an extension after notice and hearing.

(2) THAT the operator shall inject only water produced from the Mississippian formation and only from its own wells in Dry Mesa Field, T40N, R28E, Apache County, Arizona.

OIL AND GAS CONSERVATION COMMISSION

By Dale Nations, Chairman

DATE 5/7/90

The state of the s

ATTEST:

THE CONTRACTOR OF THE PERSON OF

Daniel J Brennan Executive Director

DATE 5/10/90

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DRY MESA CORPORATION

POST OFFICE BOX 5446 FARMINGTON, NEW MEXICO 87499 505 325-2058

22 January 1990

CERTIFIED MAIL NO. P321755812 RETURN RECEIPT REQUESTED

Mr. H. Merle Myers Chuska Energy Company 315 North Behrend Farmington, New Mexico 87401

Re: Dry Mesa Field #1 Water Injection Permit Application

Dear Mr. Myers:

Attached for your examination, pursuant to state rules, is a copy of Dry Mesa Corporation's Application to Dispose of Salt Water by Injection into our Dry Mesa No. 1. The Dry Mesa No. 1 is located in the center of the NE/4 NE/4 of Section 11, T40N, R28E.

Please call me if you have any questions regarding this permit application.

Kenned Ra

Kenneth R. Hand

Enclosures

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· MALE IN Navaho Tract 138 - Well #1 T40N ,R28E NE/4 NE/4 Section 11 Dry Mesa Field Apache Co., Arizona K.B. 5952' 15" OPEN HOLE TO 1201' 10 3/4" SURFACE CASING 32.3# H-40 @ 1200' CEMENTED TO SURFACE W/ 1000 SACKS 2**1**/8" TUBING 4.7# J-55 TO 5560' **PUMP BARREL &** PERF NIPPLE LEADVILLE INTERVAL PERFS 5566' - 5589' PRODUCED 239,961 BBL OIL & 1,077,818 BBL WTR SHUT IN 1988 - UNECONOMIC TO PRODUCE 9" OPEN HOLE TO 6080' SET MODEL'K' RETAINER PLUG BACK DEPTH 5636' PERFS 5649'-69' NON COMMERCIAL SQUEEZED W/ 50 SACKS 0' - 3442' 7" CASING 20# J-55 23# J-55 3442' - 5849' CEMENTED W/ 450 SACKS T. O. C. @ 4400' BY TEMPERATURE SURVEY

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TOTAL DEPTH 6080'

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Navaho fract 138 - Well #1 **INJECT WATER DOWN TUBING** T40N ,R28E NE/4 NE/4 Section 11 Dry Mesa Field Apache Co., Arizona K.B. 5952' -PROPOSED COMPLETION FOR WATER DISPOSAL 15" OPEN HOLE TO 1201' 10 3/4" SURFACE CASING 32.3# H-40 @ 1200' CEMENTED TO SURFACE W/ 1000 SACKS REPLACE EXISTING TUBING W/COATED CORROSION RESISTANT TUBING OF SAME OR HIGHER GRADE 2 1/8" TUBING 4.7# J-55 TO 5560' <u>INSTALL PLASTIĆ</u> **COATED PACKER** BAKER MODEL 'D' PACKER PROPOSE TO INJECT (OR SIMILAR) INTO EXISTING LEADVILLE PERFS PLACED AT 5560' LEADVILLE INTERVAL PERFS 5566' - 5589' 9" OPEN HOLE PRODUCED 239,961 BBL OIL & 1,077,818 BBL WIR TO 6080' SHUT IN 1988 - UNECONOMIC TO PRODUCE SET MODEL'K' RETAINER PLUG BACK DEPTH 5636' PERFS 5649'-69' NON COMMERCIAL SQUEEZED W/ 50 SACKS 0' - 3442' 7" CASING 20# J-55 23# J-55 3442' - 5849' CEMENTED W/ 450 SACKS MIT Tell every T. O. C. @ 4400' BY TEMPERATURE SURVEY TOTAL DEPTH 6080'

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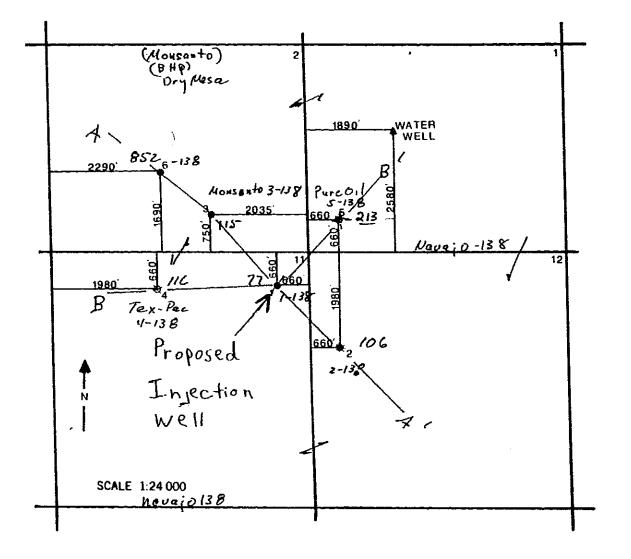
The Mark Street Rose

DRY MESA FIELD

T40N R28E SECTIONS 1, 2, 11, & 12

APACHE CO., ARIZONA

(UNSURVEYED TOWNSHP)



NAVAHO LEASE# 14-20-603-4190 TRACT 138

WELL#	CASING	TUBING	GROSS PERFS	STATUS	T.D.	ELEVATION G.L.
1	5824'	5560'	5566'-5589'	SHUT-IN	6080'	5940'
2	5766'	5722'	5053'-5090'	LEASE FUEL	5771'	5967'
3	5410'	5360'	5306'-5329'	OL	5411	5687'
- 4	1092'			P&A	5795'	5946'
5	1102'		,	P&A	5641'	5913'
6	5540'	5539'	5256'-5285'	OL	5540'	5710'

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WATER ANALY LABORATORY WATER ANALYSIS 16 Oct 89. Dry Mesa Corp. This report is the property of Halliburton Company and neither it nor any part thereof nor a cepy thereof is to be published or disclosed without first securing the express written approval of loboratory management; it may however, be used in the course of regular business operations by any pation or concern and employees thereof receiving such report from Halliburton Company. _____Date Rec_/ > Ocf. 89. Submitted by Ken Hind Az Field Dy Mesq. Source 7 17.7069°F Resistivity . 1.008 Specific Grav 8.58@6?°F pH Calcium (Ca) trace Magnesium (Mg) Chlorides (CI) Sulfates (SO₄) Bicarbonates (HCO₃) Soluble Iron (in) CO_3 *Milligrams per liter This water analysis is from a water well located 1890 FWL & Remarks: 2586 FSL of Section 1, T40N, R28E, Apache County, Arizona. The water zone is at a depth of 820 feet. Respectfully submitted, HALLIBURTON COMPANY

This report is limited to the described sample tested. Any user of this report agrees that Halliburton shall not be liable for any less or damage, whether it be to act or omission, resulting from such report or its use.

Analyst:.

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WATER AVAIL

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UNICHEM

INTERNATIONAL

601 NORTH LEECH

P.O.BOX1499

HOBBS, NEW MEXICO 88210

COMPANY: MONSANTO OIL CO. DATE: 5-23-84 FIELD.LEASE&WELL: NAVAJO WELL #1 BAMPLING POINT: WELLHEAD DATE BAMPLED: 5-11-84

SPECIFIC GRAVITY = 1.018 TOTAL DISSOLVED SOLIDS = 29271 PH = 4.29

,		1	ME/L	MG/L
CATIONS				
CALCIUM MAGNESIUM SODIUM	(CA)+2 (MG)+2 (NA),CALC		108. 65.3 331.	2177. 794. 7625.
ANIONS				
BICARBONATE CARBONATE HYDROXIDE BULFATE CHLORIDES	(HCO3)-1 (CO3)-2 (OH)-1 (SO4)-2 (CL)-1		17 0 0 23 . 6 465	1037. 0 0 1137. 16500
DISSOLVED CA	SES			
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IRON(TOTAL) BARIUM MANGANESE	(FE) (BA)+2 (MN)		0 NOT RUN	15.7
IONIC STRENGTH (10LAL) = .618			
SC	ALING INDEX	TEMP		
CARBONATE INDEX CALCIUM CARBONAT	E SCALING	30C 86F .101 Likely	48.8C 120F .501 LIKELY	
CALCIUM SULFATE		-15. UNLIKELY	-15. Unlikely	

WATER ANALYS (CELL 19)

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INTERNATIONAL

601 NORTH LEECH

P.O. BOX1499

HOBBS. NEW MEXICO 88240

COMPANY: MONSANTO GIL CO.

DATE: 5-23-84

FIELD.LEASESWELL: NAVAJO TRACT 138 #3

BAMPLING POINT: WELLHEAD

DATE SAMPLED: 5-11-84

SPECIFIC GRAVITY = 1.038 TOTAL DISSOLVED SOLIDS = 58570 PH = 6.55

		HE/L	MG/L
CATIONS			
CALCIUM HAGNESIUM BODIUM ANIONS	(CA)+2 (MC)+2 (NA).CALC.	77.3 144. 797.	1549. 1764. 18343.
B:CARBONATE CARBONATE HYDROXIDE BULFATE CHLORIDES	(HCO3)-1 (CO3)-2 (OH)-1 (SO4)-2 (CL)-1	25.6 0 0 7.2 987	1562. 0 0 350 3500
DISSOLVED CASES			
CARBON DIOXIDE HYDROGEN SULFIDE OXYGEN	(CO2) (H2S) (O2)	NOT RUN NOT RUN NOT RUN	
IRON(TOTAL) BARIUM MANGANESE	(FE) (BA)+2 (MN)	0 Not Run	2 . 2 G

IONIC STRENGTH (MOLAL) =1.183

SCALING INDEX

TEMP

CARBONATE INDEX CALCIUM CARBONATE SCALING CALCIUM SULFATE INDEX CALCIUM SULFATE SCALING

3 O C 48.8C 86F .245 LIKELY 120F . 646 LIKELY

UNLIKELY UNLIKELY

07-AUG-30

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CORE LABOF ATORIES, INC. ANALYTICAL REPORT

LAB #: W5071

1 :072561

COMPANY OIL MONSANTO

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WATER ANALYSIS

LEADVILLE : 8-2-85
E E
FORMATION: DATE SAMPL

FIELD: DRY MESA LOCATION: INTERVAL! SAMPLE ORIGIN:

WEIL Hio

REHARKS:

MG/L	CALC. SODIUM 7846 NACL EQUIVALENT 39329 CALC TDS* 0356 F 38590 API TDS* 0221 F 38788 * TOTAL DISSOLVED SOLIDS		6.1		(Na value in above graph includes Na and K)	NOTE: Mg/1 = milligrams per liter Meq/1 = milligram equivalent	per liter	Sodium chloride equivalent = by Dunlap & Hawthorne calculation from components
MEG/L	6 4 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5	694,20	OBSERVED PH		5 	CON H	*os	CO
MG/L	SULFATE 2020 CHLORIDE 22900 CARBONATE 0 BICARBONATE 390 HYDROXIDE 0	TOTAL ANIONS	•		·s		3	
	21417 21417		(DHM-M): 0.22 0.18	0	e Z	හ ස	8 Mg	හ ඇ
MEG/L	417.5 208:0 135:6	670.43	NCE AT 69F (OH DBSERVED CALCULATED			PATTERN	nit	
MG/L	1	TOTAL CATIONS	ESISTA			WATER ANALYSIS PATTERN	Scare MEQ per Unit	
	SODIUM FOTASSIUM CALCIUM MAGNESIUM	TOTAL	SPECIFIC R			WAT		

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These analyses, opinions are based an observations and material supplied by the client to whose exclusive and confidential use, this report is mode. The interpretations ar opinions expensions excepted); but Care taboratories, inc. (all errors and amissions excepted); but Care taboratories, inc. and its afficers and employees, assume no responsibility and make no warranty or representations, or profitobleness of any all, gas, coal or other mineral, property, well or sand in connection with which such report is used or relied upon.

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UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

215 Fremunt Suse San Prancisco, CA 84701

Mr. Prometty dege bry Mess Corporation P. O. Box 5446 Farmington, Nº 87499

CERTIFIED RETURN RECEIPT REQUESTED 057 901

Res the folio becall Ro. Rassonooooo Navajo Tract 138, Well No. 3 Apache County, Arizona

bear Kr. Randi

Transmitted december is at Underground Injection Control Final Permit for Monr proposed Navado Transmit 14s No 3 (Vic) Final Permit for your proposed Navajo Fract 148, No. i Class IID water injection well in Dry Mesa Field, Apache County.

ended April 23 domment period on the proposed permit action general public, 1990. We comments were received from either the in converting the Draft Fermit to the Final Fermit.

Please note that under the terms of the Final Permit you are nonnessed new injection well. To authorized Only to convert the proposed new injection well. To commence injection, you must fulfill permit Condition well. To tion 1 of Part II, Section C, PRIOR TO COMMENCING INJECTION. tion 1 of Part II, Section C, PRIOR TO COMMENCING INJECTION.

After submitting your completed Well Rework Record (RPA Form Integrity Test. Vou must obtain written authorization from EPA to Tintegrity Test, you must obtain written authorization from EPA to injection well are:

In summary, these requirements for your new

- Obtain the existing injection formation reservoir pres-
- Conduct a documented step rate test to identify the inuntar space, the cement sheath in the 1-fuch casing au-

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file #77



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY REGION IX 215 Fremont Street San Francisco, CA 94105

MAY 4 1990

Mr. Kenneth R. Hand Dry Mesa Corporation P. O. Box 5446 Farmington, NM 87499 CERTIFIED MAIL NO. P 765 057 900 RETURN RECEIPT REQUESTED

Re: UIC Final Permit No. NAS900000002 Navajo Tract 138, Well No. 1 Dry Mesa Field

Apache County, Arizona

Dear Mr. Hand:

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Transmitted herewith is an Underground Injection Control (UIC) Final Permit for your proposed Navajo Tract 148, No. 1 Class IID water injection well in Dry Mesa Field, Apache County, Arizona.

The public comment period on the proposed permit action ended April 23, 1990. No comments were received from either the general public, local landowners and residents, or from Dry Mesa Corporation. Consequently, no significant changes have been made in converting the Draft Permit to the Final Permit.

Please note that under the terms of the Final Permit you are authorized ONLY to convert the proposed new injection well. To commence injection, you must fulfill Permit Condition 3 of Part II, Section A, FORMATION LOGGING AND TESTING, and Permit Condition 1 of Part II, Section C, PRIOR TO COMMENCING INJECTION.

After submitting your completed Well Rework Record (EPA Form 7520-12, in Appendix B) and successfully passing the Mechanical Integrity Test, you must obtain written authorization from EPA to commence injection. In summary, these requirements for your new injection well are:

- 1. Obtain the existing injection formation reservoir pressure.
- 2. Conduct a documented step rate test to identify the injection formation fracture pressure.
- 3. Conduct a cement bond/variable density/gamma ray survey to evaluate the cement sheath in the 7-inch casing annular space.

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4. Perform an acceptable mechanical integrity pressure test.

5. Submit a Well Rework Record (Form 7520-12).

Mr. Lester Kaufman, UIC Section Chief in the EPA Region 9 Office, San Francisco, California (phone number: 415-705-2107), must be notified 30 days in advance of any mechanical integrity testing so that arrangements can be made for the test to be witnessed.

If you have any questions on these actions, please call James Walker at (303) 293-1429.

Sincerely

Harry Seraydarian, Director Water Management Division

enclosure

cc: Daniel Brennan
Executive Director
Arizona Oil & Gas Commission

Raymond Roessel Manager Underground Injection Control Program Navajo Environmental Protection Administration

Ken Townsend Chief of Fluid Minerals U. S. Bureau of Land Management

James Stevens Area Director Navajo Area Office Bureau of Indian Affairs

CALLED THE STREET STREET STREET

UNDERGROUND INJECTION CONTROL PROGRAM
PERMIT

Class II Salt Water Disposal Well
Permit No. NAS900000002

Well Name: Navajo Tract 138, No. 1

Field: Dry Mesa

County and State: Apache County, Arizona

Issued to:

Dry Mesa Corporation
P. O. Box 5446
Farmington, New Mexico 87499

P12,13

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D. GENERAL DUTIES AND REQUIREMENTS Penalties for Violations of Permit Conditions Need to Halt or Reduce Activity not a Defense 3. 4. Proper Operation and Maintenance 5. 6. 7. 8. Records of the Permit Application 9. 10. APPENDIX A - Construction Schematic Diagrams APPENDIX B - Reporting Forms and Instructions EPA Form 7520 - 7: Application to Transfer Permit 27 EPA Form 7520 - 10: Well Completion Report EPA Form 7520 - 11: Annual Well Monitoring Report . Э. EPA Form 7520 - 12: Well Rework Record EPA Form 7520 - 13: Plugging Record APPENDIX C - Plugging & Abandonment Plan 3. Proposed Plugging Schedule for Well #1

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PART I. AUTHORIZATION TO CONSTRUCT AND INJECT

Pursuant to the Underground Injection Control Regulations of the U. S. Environmental Protection Agency codified at Title 40 of the Code of Federal Regulations, Parts 124, 144, 145, 146, 147, and 148,

Dry Mesa Corporation
P. O. Box 5446
Farmington, New Mexico 87499

is hereby authorized to convert an existing shut-in oil production well, commonly known as the No. 1 well located on Navajo Tract 138, in the NE/4, NE/4 Section 11, Township 40, Range 28 of Apache County, Arizona, into service as a Class II injection well. Injection shall be for the purpose of disposal of produced brine fluids into the Mississippian dolomite formation in accordance with conditions set forth herein.

Injection activities shall not commence until the operator has fulfilled all applicable conditions of this permit and has received written authorization from the Director. "Prior to Commencing Injection" requirements are set forth in Part II, Section C. 1. of this permit.

All conditions set forth herein refer to Title 40 Parts 124, 144, 145, 146, 147, and 148 of the Code of Federal Regulations and are regulations that are in effect on the date that this permit becomes effective.

This permit consists of a total of thirty-five (35) pages and includes all items listed in the Table of Contents. Further, it is based upon representations made by the permittee and on other information contained in the administrative record. It is the responsibility of the permittee to read and understand all provisions of this permit.

This permit and the authorization to inject are issued for a period of ten years unless terminated (Part III, Section B.), or except on automatic expiration due to prolonged postponement of construction (Part II, Section A. 6.).

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UIC Permit Number NAS900000002

The permit will expire upon delegation of primary enforcement responsibility for the UIC Program to the Navajo Indian Tribe or the Arizona Oil and Gas Commission unless either the Tribe or the Arizona Oil and Gas Commission has adequate authority, and chooses, to adopt and enforce this permit as a Tribal or State permit.

Issued this 4th day of May 1990.

This permit shall become effective May 4, 1990.

Harry Seraydarian, Director Water Management Division *

NOTE:

(December

The person holding this title is referred to as the "Director" throughout this permit.

PART II. SPECIFIC PERMIT CONDITIONS

A. WELL CONSTRUCTION

1. Casing and Cementing. The existing oil well construction history and well schematic diagram and the proposed conversion/construction schematic program submitted with the application are hereby incorporated into this permit as Appendix A, and shall be binding on the permittee. All cement used in the prior construction of the well was designed for the life expectancy of the well. The existing shut-in oil well is proposed to be converted to injection service with appropriate modifications of the existing construction; the actual injection interval and construction modifications will be identified on the Well Rework Record (EPA Form 7520-12).

The existing 7-inch production casing will be surveyed by a cement bond/variable density/gamma ray log from PBTD to 200 feet above the existing cement top at approximately 4400 feet and will be pressure tested to at least 1150 psig for mechanical integrity. Any interval determined by the CBL/VDL/GR log to be inadequately protective of USDWs will be perforated and squeeze cemented to ensure the isolation of the USDWs from the injection zone. Failure of the casing to pass the pressure test will require remedial action to establish mechanical integrity.

The 10-3/4 inch surface casing was set to 1200 feet and cemented to surface. Since the top of cement in the 7-inch annulus is at 4400 feet, the De Chelly sandstone at 2290 to 2690 feet and other USDWs below 1200 feet are open to potential contamination through the uncemented annulus. In order to assure that USDWs are adequately protected, the 7-inch casing will be perforated at 2750 feet and cement will be circulated in the annulus from 2750 to 1150 or higher, using 30% excess cement over the calculated volume requirement or, optionally, circulate cement to the surface.

2. Tubing and Packer Specifications. Two and three-eighths (2-3/8)-inch diameter, corrosion resistant, plastic-coated tubing will be utilized with a Baker Model D, plastic-coated packer or equivalent set at approximately 5560 feet, as shown in Appendix A, inside the 7-inch long string casing; the casing/tubing annulus will be filled with corrosion-inhibiting fluid. Injection between the outermost casing protecting the underground sources of drinking water (USDWs) and the wellbore is prohibited.

The existing 2-3/8-inch tubing may be used during construction and testing of the well for a period not to exceed six months (Nov. 1, 1990) if mechanical integrity of the tubing is demonstrated before injection begins and is maintained during

this period.

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After replacement of the existing tubing with plastic-coated tubing is completed, the replacement tubing will be tested for mechanical integrity before injection may resume, in accordance with Part II, Section C.2.(a). The permittee shall give advance notice and provide all well workover records of the replacement operations to the Director in accordance with Part II, Section A.5.

- 3. <u>Formation Logging and Testing</u>. After perforation of the injection zones and prior to any injection or acidization of the injection formation perforations:
 - (a) Obtain existing injection formation (aquifer) pressure by making periodic measurement of the "static fluid level" (until there is no significant change in the fluid level) in the open tubing or tubing/casing annulus.
 - (b) In addition, a documented step rate injectivity test in the Mississippian interval shall be performed by the permittee either: (i) during the well completion procedures; or (ii) subsequently, at the time when stabilized injection rate conditions have been attained, for the purpose of making a determination of the injection formation fracture pressure. The normally injected fluid will be used during the injectivity test to determine both the instantaneous shut-in (fracture) pressure (ISIP) and the formation breakdown pressure.
 - (c) The permittee may, at any time, choose to demonstrate a higher maximum injection pressure by conducting a documented step rate test in a manner as indicated above.
 - (d) A cement bond/variable density/gamma ray log will be run to evaluate the quality and integrity of the cement bond across all cemented intervals in the 7-inch casing annulus. The interpretation of a qualified log analyst will be documented and submitted with any logs that are run in the well.
- 4. Monitoring Devices. The operator shall provide at the time of well conversion and maintain in good operating condition:

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- (a) A tap on the discharge line between the injection pump and the wellhead for the purpose of obtaining representative samples of the injection fluids;
- (b) Two, one-half(1/2)-inch FIP fittings, isolated by plug or globe valves, and positioned to provide for either (1) the permanent attachment of one-half(1/2)-Page 7 of 35

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inch MIP gauges, or (2) the attachments for equivalent "quick-disconnect" gauges at the wellhead on the injection tubing and on the tubing/casing annulus. The gauges used shall be of a design to provide (1) a full pressure range of 100 percent greater than the anticipated operating pressure, and (2) a certified deviation accuracy of five (5) percent or less; and

- (c) A flow meter with measured cumulative volumes that are certified for a deviation accuracy of five (5) percent or less throughout the range of injection rates allowed by the permit.
- 5. <u>Proposed Changes and Workovers</u>. The permittee shall give advance notice to the Director, as soon as possible, of any planned physical alterations or additions to the permitted injection well. In addition, the permittee shall provide all records of well workovers, logging, or other subsequent test data, including required mechanical integrity testing, to EPA within sixty (60) days of completion of the activity. Appendix B contains samples of the appropriate reporting forms.

Demonstration of mechanical integrity shall be performed within thirty (30) days of completion of workovers/alterations and prior to resuming injection activities, in accordance with Part II, Section C.2.(a).

6. <u>Postponement of Conversion</u>. If the well is not completed, for injection service, within one (1) year from the effective date of this permit, the permit will automatically expire, unless the permittee requests an extension. The request shall be made to the Director in writing, in lieu of the annual reporting requirements of Part II, Section D.4., and shall state the reasons for the delay in construction and confirm the protection of all USDWs. The extension under this section may not exceed one year. Financial responsibility shall be maintained during the period of inactivity in accordance with Part II, Section F. Once a permit expires under this part, the full permitting process, including opportunity for public comment, must be repeated before authorization to inject will be reissued.

B. CORRECTIVE ACTION

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No corrective action will be required since the three other wells within the Area of Review will not be affected by the injection of recycled production water in the No. 1 well. Pressure buildup effects will not occur within the ten-year operating life of the well because total fluid withdrawals from the Mississippian Leadville reservoir will exceed the volume of produced water injected into the Leadville reser-

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voir. Volumetric calculations indicate that the injected fluid front will not reach any of the three wellbores within the term of the proposed permit. Furthermore, a negative hydrostatic pressure differential of 900 psig between the Leadville reservoir and the lowermost USDW (De Chelly aquifer) would have to be overcome to endanger the normally pressured De Chelly formation.

C. WELL OPERATION

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- 1. Prior to Commencing Injection. Injection operations may not commence until the permittee has complied with items (a) and (b) as follows:
- (a) All conversion construction and testing (II.A.3.) is complete, and the permittee has submitted a completed Well Rework Record, (Form 7520-12 in Appendix B); and
 - (i) The Director has inspected or otherwise reviewed the newly converted injection well and notified the operator that it is in compliance with the conditions of the permit; or
 - (ii) The permittee has not received notice from the Director of his or her intent to inspect or otherwise review the new injection well within thirteen (13) days of the date of the Well Rework Record in paragraph (a) of this permit condition in which case prior inspection or review is waived and the permittee may commence injection. [Note: However, in all circumstances, item (b) below must also be satisfied.]; and
- (b) The permittee demonstrates that the well has mechanical integrity in accordance with 40 CFR 146.8 and has received notice from the Director that such a demonstration is satisfactory. The permittee shall notify EPA thirty (30) days prior to conducting this test so that a representative may be present to observe the test.

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- 2. <u>Mechanical Integrity</u>. (Subsequent to Initial Demonstration)
 - (a) Method of Demonstrating Mechanical Integrity. A demonstration of the absence of significant leaks in the casing, tubing and/or packer must be made by performing a tubing/casing annulus pressure test. This test shall be for a minimum of 45 minutes at: 1) a pressure of 1200 psig measured at the surface, if the well is shut-in, or 2) a pressure differential of 500 psig, if injection activities are continued during the test. The tubing/casing annulus shall be filled with a non-corrosive fluid (either a non-toxic liquid or the injection liquid) at least 24 hours in advance of the test. Pressure values shall be recorded at five-minute intervals or less. A well passes the mechanical integrity test if there is less than a ten (10) percent decrease in pressure over the 45-minute period.
 - (b) Schedule for Demonstrations of Mechanical Integrity. A demonstration of mechanical integrity shall be made no less frequently than every five (5) years from the effective date of this permit, in accordance with 40 CFR 146.8 and paragraph (a) above, unless otherwise modified. Initiation of mechanical integrity demonstrations will be according to the following provisions:
 - (i) It shall be the permittee's responsibility to arrange and conduct the mechanical integrity demonstrations. The permittee shall notify the Director of his intent to demonstrate mechanical integrity at least thirty (30) days prior to each such demonstration. Results of the test shall be submitted to the Director as soon as possible but no later than sixty (60) days after the demonstration.
 - (ii) In addition to any demonstration made under paragraph (i) above, the Director may require a demonstration of mechanical integrity at any time during the permitted life of the well.

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- (c) Loss of Mechanical Integrity. If the well fails to demonstrate mechanical integrity during a test, or a loss of mechanical integrity as defined by 40 CFR 146.8 becomes evident during operation, the permittee shall notify the Director in accordance with Part III, Section E.10. of this permit. Furthermore, injection activities shall be terminated immediately; and operation shall not be resumed until the permittee has taken necessary actions to restore integrity to the well and EPA gives approval to recommence injection.
- 3. <u>Injection Intervals</u>. Injection shall be permitted for the Mississippian formation in the subsurface interval of 5566 to 5589 feet KB depth, which is the initial interval proposed by the applicant. Injection perforations may be added or squeezed-off only within this interval. Alteration of the injection perforations interval and other rework operations must be properly reported (EPA Form 7520-12) and the well must pass MIT before injection is resumed.
- Injection Pressure Limitation.

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- (a) Injection pressure measured at the surface shall not exceed 1100 pounds per square inch (psig) for injection into the Mississippian formation.
- (b) The injection pressure limitation in paragraph (a) may be increased by the Director if the fracture pressure of the injection formation will not be exceeded, and the permittee demonstrates either:
 - (i) that the proposed increase in surface injection pressure is necessary to overcome friction losses in the system. This demonstration shall be made by performing a valid step-rate injection test in the respective proposed injection zone(s). The Director will determine any allowable increase based upon the step-rate test results and other parameters reflecting actual injection operations, or
 - (ii) that the proposed increase in surface injection pressure is necessary to inject the volume rate of fluid set by Part II, Section C.5., below. The demonstration required under this paragraph will be based upon the specific injection operation and a step-rate test.

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- (c) The permittee shall give thirty (30) days advance notice to the Director if the increase in paragraph (b) will be sought. Details of the proposed test shall be submitted at least seven (7) days in advance of the proposed test date so that the Director has adequate time to review and approve the test procedures. Results of all tests shall be submitted to the Director within ten (10) days of the test. Injection at the increased pressure must be approved by the Director, in writing, before the permittee may begin continuous operation at that pressure.
- (d) Any approval granted by the Director for the increased pressure limitations as stated in paragraph (b) shall be made part of this permit by minor modification without further opportunity for public comment.
- 5. Injection Volume (Rate) Limitation.
- (a) No more than 500 barrels of water per day (BWPD) of produced brine fluids from the No. 3 and No. 6 wells shall be injected into the Mississippian Formation in this well provided further that in no case shall injection pressure exceed that limit shown in Part II, Section C.4.(a) of this permit.
- (b) The permittee may request an increase in the allowable rate as shown in paragraph (a). Any such request shall be made in writing to the Director.
- (c) Should any increase in rate be requested, the permittee shall demonstrate to the satisfaction of the Director that the increase in volume will not cause migration of formation or injected fluids into any USDW, nor cause any injected fluids to move beyond the one-half mile Area of Review boundary.
- 6. <u>Injection Fluid Limitation</u>. The permittee shall not inject any hazardous substances, as defined by 40 CFR 261, at any time during the operation of the facility. Fluids to be injected other than the produced brine fluids of 29,271 mg/l TDS, shall be limited to occasional minor amounts of well treatment fluids, such as dilute and spent acids, corrosion inhibiting fluids, etc., as related to oil and/or gas production from the No. 3 and No. 6 wells. Any additional fluid additives contained in the

Page 12 of 35 UIC Permit Number NAS90000002

produced fluids shall also be identified and reported along with the routine annual report information in D.1.(a)(i) below. The source of any fluids other than those explicitly allowed by the permit must be reported to the Director within thirty (30) days of any change in injection fluids.

- 7. Annular Fluid. The annulus between the tubing and the casing shall be filled with a corrosion inhibiting solution; a commonly industry-acceptable solution proposed by the permittee is approved by the Director.
- D. MONITORING, RECORDKEEPING, AND REPORTING OF RESULTS
- 1. <u>Injection Well Monitoring Program</u>. Samples and measurements shall be representative of the monitored activity. The permittee shall utilize the applicable analytical methods described in Table I of 40 CFR 136.3, or in Appendix III of 40 CFR Part 261, or in certain circumstances, by other methods that have been approved by the EPA Administrator. Monitoring shall consist of:
 - (a) Analysis of the injection fluids, performed:
 - (i) quarterly for Total Dissolved Solids, major ions, pH, specific conductivity, and specific gravity; and,
 - (ii) whenever there is a change in the source of injection fluids.
 - (b) Weekly observations of injection pressure, flow rate and cumulative volume. At least one observation of injection pressure, volume flow rate, and cumulative volume, shall be recorded at regular intervals no greater than thirty (30) days.
- 2. <u>Monitoring Information</u>. Records of any monitoring activity required under this permit shall include:
 - (a) The date, exact place, and the time of sampling or field measurements;
 - (b) The name of the individual(s) who performed the sampling or measurements;
 - (c) The exact sampling method(s) used to take samples;

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- (d) The date(s) laboratory analyses were performed;
- (e) The name of the individual(s) who performed the analyses;
- (f) The results of such analyses.
- 3. Recordkeeping.
- (a) The permittee shall retain records concerning:
 - (i) the nature and composition of all injected fluids until three (3) years after the completion of plugging and abandonment which has been carried out in accordance with the Plugging and Abandonment Plan shown in Appendix C, and is consistent with 40 CFR 146.10.
 - (ii) all monitoring information, including all calibration and maintenance records and all original strip chart recordings for continuous monitoring instrumentation and copies of all reports required by this permit for a period of at least five (5) years from the date of the sample, measurement or report throughout the operating life of the well.
- (b) The permittee shall continue to retain such records after the retention period specified in paragraphs (a)(i) and (a)(ii) unless he delivers the records to the Director or obtains written approval from the Director to discard the records.
- (c) The permittee shall maintain copies (or originals) of all pertinent monthly observation records [Part II., Section D.1.(b)] available for inspection at the lease facility.
- 4. Reporting of Results. The permittee shall submit an Annual Report to the Director summarizing the results of the monitoring required by Part II, Section D.1. of this permit. Copies of all monthly records on injected fluids, and any major changes in characteristics or sources of injected fluid shall be included in the Annual Report. The first Annual Report shall

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cover the period from the effective date of the permit through December 31. Subsequently, the Annual Report shall cover the period of January 1 through December 31, and shall be submitted by January 15 of the following year. Appendix B contains Form 7520-11 which may be copied and used to submit the annual summary of monitoring.

E. PLUGGING AND ABANDONMENT

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1. Notice of Plugging and Abandonment. The permittee shall notify the Director forty-five (45) days before further conversion, workover, or abandonment of the well.

2. Plugging and Abandonment Plan. The permittee shall plug and abandon the well as provided in the Plugging and Abandonment

Plan which can be found in Appendix C.

EPA reserves the right to change the manner in which the well will be plugged if the well is modified during its permitted life or if the well is not made consistent with EPA requirements for construction and mechanical integrity. The Director may ask the permittee to estimate and to update the estimated plugging cost periodically. Such estimates shall be based upon costs which a third party would incur to plug the well according to the plan.

- 3. <u>Cessation of Injection Activities</u>. After a cessation of operations of two (2) years, the permittee shall plug and abandon the well in accordance with the Plugging & Abandonment Plan, unless he:
 - (a) has provided notice to the Director, and
 - (b) has demonstrated that the well will be used in the future, and
 - (c) has described actions or procedures, satisfactory to the Director, that will be taken to ensure that the well will not endanger underground sources of drinking water during the period of temporary abandonment.
- 4. Plugging and Abandonment Report. Within sixty (60) days after plugging the well, the permittee shall submit a report on Form 7520-13 to the Director. The report shall be certified as accurate by the person who performed the plugging operation and the report shall consist of either: (1) a statement that the well was plugged in accordance with the plan, or (2) where actual plugging differed from the plan, a statement specifying the different procedures followed.

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F. FINANCIAL RESPONSIBILITY

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- 1. <u>Demonstration of Financial Responsibility</u>. The permittee is required to maintain financial responsibility and resources to close, plug, and abandon the injection well as provided in the plugging and abandonment plan.
 - (a) The permittee shall submit financial statements and other information annually, or as required by EPA, in order to demonstrate that its financial position remains sound, and that it continues to have adequate financial resources, as determined by EPA, to close, plug, and abandon the injection wells in accordance with the approved plugging and abandonment plan.
 - (b) If financial statements or other information indicate that the permittee no longer has financial resources, according to EPA criteria, to assure that the injection wells will be properly plugged and abandoned, then the permittee must make an alternate showing of financial responsibility. This showing must be acceptable to the Director and must be submitted within sixty (60) days after having been notified by EPA of the necessity for making an alternate showing of financial responsibility.
 - (c) The permittee may, upon his own initiative and upon written request to EPA, change the method of demonstrating financial responsibility from financial statement coverage to a financial instrument such as a bond, letter of credit, or trust fund. Any such change must be approved by the Director.
- 2. <u>Insolvency of Financial Institution</u>. In the event that an alternate demonstration of financial responsibility has been approved under (b) or (c) above, the permittee must submit an alternative demonstration of financial responsibility acceptable to the Director within sixty (60) days after either of the following events occur:
 - (a) the institution issuing the trust or financial instrument files for bankruptcy; or
 - (b) the authority of the trustee institution to act as trustee, or the authority of the institution issuing the financial instrument, is suspended or revoked.

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PART III. GENERAL PERMIT CONDITIONS

A. EFFECT OF PERMIT

The permittee is allowed to engage in underground injection in accordance with the conditions of this permit. The permittee, as authorized by this permit, shall not construct, operate, maintain, convert, plug, abandon, or conduct any other injection activity in a manner that allows the movement of fluid containing any contaminant into underground sources of drinking water, if the presence of that contaminant may cause a violation of any primary drinking water regulation under 40 CFR Part 142 or otherwise adversely affect the health of persons. Any underground injection activity not authorized in this permit or otherwise authorized by permit or rule is prohibited. Issuance of this permit does not convey property rights of any sort or any exclusive privilege; nor does it authorize any injury to persons or property, any invasion of other private rights, or any infringement of State or local law or regulations. Compliance with the terms of this permit does not constitute a defense to any enforcement action brought under the provisions of Section 1431 of the Safe Drinking Water Act (SDWA) or any other law governing protection of public health or the environment for any imminent and substantial endangerment to human health or the environment, nor does it serve as a shield to the permittee's independent obligation to comply with all UIC regulations.

B. PERMIT ACTIONS

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- 1. Modification, Reissuance, or Termination. The Director may, for cause or upon request from the permittee, modify, revoke and reissue, or terminate this permit in accordance with 40 CFR Sections 124.5, 144.12, 144.39, and 144.40. Also the permit is subject to minor modifications for cause as specified in 40 CFR Section 144.41. The filing of a request for a permit modification, revocation and reissuance, or termination or the notification of planned changes or anticipated noncompliance on the part of the permittee does not stay the applicability or enforceability of any permit condition.
- 2. <u>Conversions</u>. The Director may, for cause or upon a request from the permittee, allow conversion of the well from a Class II injection well to a non-Class II well. Requests to convert the injection well from its Class II status to a non-Class II well, such as a production well, must be made in writing to

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the Director. Conversion may not proceed until a permit modification indicating the conditions of the proposed conversion is received by the permittee. Conditions of the modification may include such items as, but is not limited to, approval of the proposed well rework, follow-up demonstration of mechanical integrity, and well-specific monitoring and reporting following the conversion.

3. <u>Transfers</u>. This permit is not transferrable to any person except after notice is provided to the Director and the requirements of 40 CFR 144.38 are complied with. The Director may require modification, or revocation and reissuance, of the permit to change the name of the permittee and incorporate such other requirements as may be necessary under the SDWA.

c. SEVERABILITY

The provisions of this permit are severable, and if any provision of this permit or the application of any provision of this permit to any circumstance, is held invalid, the application of such provision to other circumstances, and the remainder of this permit shall not be affected thereby.

D. CONFIDENTIALITY

In accordance with 40 CFR Part 2 and 40 CFR 144.5, any information submitted to EPA pursuant to this permit may be claimed as confidential by the submitter. Any such claim must be asserted at the time of submission by stamping the words "confidential business information" on each page containing such information. If no claim is made at the time of submission, EPA may make the information available to the public without further notice. If a claim is asserted, the validity of the claim will be assessed in accordance with the procedures in 40 CFR Part 2 (Public Information). Claims of confidentiality for the following information will be denied:

- The name and address of the permittee, and
- Information which deals with the existence, absence, or level of contaminants in drinking water.

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E. GENERAL DUTIES AND REQUIREMENTS

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- 1. Duty to Comply. The permittee shall comply with all conditions of this permit, except to the extent and for the duration such noncompliance is authorized by an emergency permit. Any permit noncompliance constitutes a violation of the SDWA and is grounds for enforcement action, permit termination, revocation and reissuance, or modification. Such non-compliance may also be grounds for enforcement action under the Resource Conservation and Recovery Act (RCRA).
- 2. <u>Penalties for Violations of Permit Conditions</u>. Any person who violates a permit requirement is subject to civil penalties, fines, and other enforcement action under the SDWA and may be subject to such actions pursuant to RCRA. Any person who willfully violates permit conditions may be subject to criminal prosecution.
- 3. Need to Halt or Reduce Activity not a Defense. It shall not be a defense for a permittee in an enforcement action that it would have been necessary to halt or reduce the permitted activity in order to maintain compliance with the conditions of this permit.
- 4. <u>Duty to Mitigate</u>. The permittee shall take all reasonable steps to minimize or correct any adverse impact on the environment resulting from noncompliance with this permit.
- 5. Proper Operation and Maintenance. The permittee shall at all times properly operate and maintain all facilities and systems of treatment and control (and related appurtenances) which are installed or used by the permittee to achieve compliance with the conditions of this permit. Proper operation and maintenance includes effective performance, adequate funding, adequate operator staffing and training, and adequate laboratory and process controls, including appropriate quality assurance procedures. This provision requires the operation of back-up or auxiliary facilities or similar systems only when necessary to achieve compliance with the conditions of this permit.
- 6. <u>Duty to Provide Information</u>. The permittee shall furnish the Director, within a time specified, any information which the Director may request to determine whether cause exists for modifying, revoking and reissuing, or terminating this permit, or to determine compliance with this permit. The permittee shall also furnish to the Director, upon request, copies of records required to be kept by this permit.

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7. <u>Inspection and Entry</u>. The permittee shall allow the Director, or an authorized representative, upon the presentation of credentials and other documents as may be required by law, to:

- (a) Enter upon the permittee's premises where a regulated facility or activity is located or conducted, or where records are kept under the conditions of this permit;
- (b) Have access to and copy, at reasonable times, any records that must be kept under the conditions of this permit;
- (c) Inspect at reasonable times any facilities, equipment (including monitoring and control equipment), practices, or operations regulated or required under this permit; and
- (d) Sample or monitor, at reasonable times, for the purposes of assuring permit compliance or as otherwise authorized by the SDWA any substances or parameters at any location.
- 8. Records of the Permit Application. The permittee shall maintain records of all data required to complete the permit application and any supplemental information submitted for a period of five (5) years from the effective date of this permit. This period may be extended by request of the Director at any time.
- 9. <u>Signatory Requirements</u>. All reports or other information requested by the Director shall be signed and certified according to 40 CFR 144.32.
 - 10. Reporting of Noncompliance.

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- (a) Anticipated Noncompliance. The permittee shall give advance notice to the Director of any planned changes in the permitted facility or activity which may result in noncompliance with permit requirements.
- (b) <u>Compliance Schedules</u>. Reports of compliance or noncompliance with, or any progress reports on, interim and final requirements contained in any compliance schedule of this permit shall be submitted no later than thirty (30) days following each schedule date.

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(c) Twenty-four Hour Reporting.

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- (i) The permittee shall report to the Director any noncompliance which may endanger health or the environment. Information shall be provided orally within twenty-four (24) hours from the time the permittee becomes aware of the circumstances by telephoning EPA at (415) 705-2111. The following information shall be included in the verbal report:
 - (A) Any monitoring or other information which indicates that any contaminant may cause endangerment to an underground source of drinking water.
 - (B) Any noncompliance with a permit condition or malfunction of the injection system which may cause fluid migration into or between underground sources of drinking water.
- (ii) A written submission shall also be provided within five (5) days of the time the permittee becomes aware of the circumstances. The written submission shall contain a description of the noncompliance and its cause; the period of noncompliance, including exact dates and times, and if the noncompliance has not been corrected, the anticipated time it is expected to continue; and steps taken or planned to reduce, eliminate, and prevent recurrence of the noncompliance.
- (d) Other Noncompliance. The permittee shall report all other instances of noncompliance not otherwise reported at the time monitoring reports are submitted. The reports shall contain the information listed in Part III, Section E.10.(C)(ii) of this permit.
- (e) Other Information. Where the permittee becomes aware that he failed to submit any relevant facts in the permit application, or submitted incorrect information in a permit application or in any report to the Director, the permittee shall submit such facts or information within two (2) weeks of the time such information became known to him.

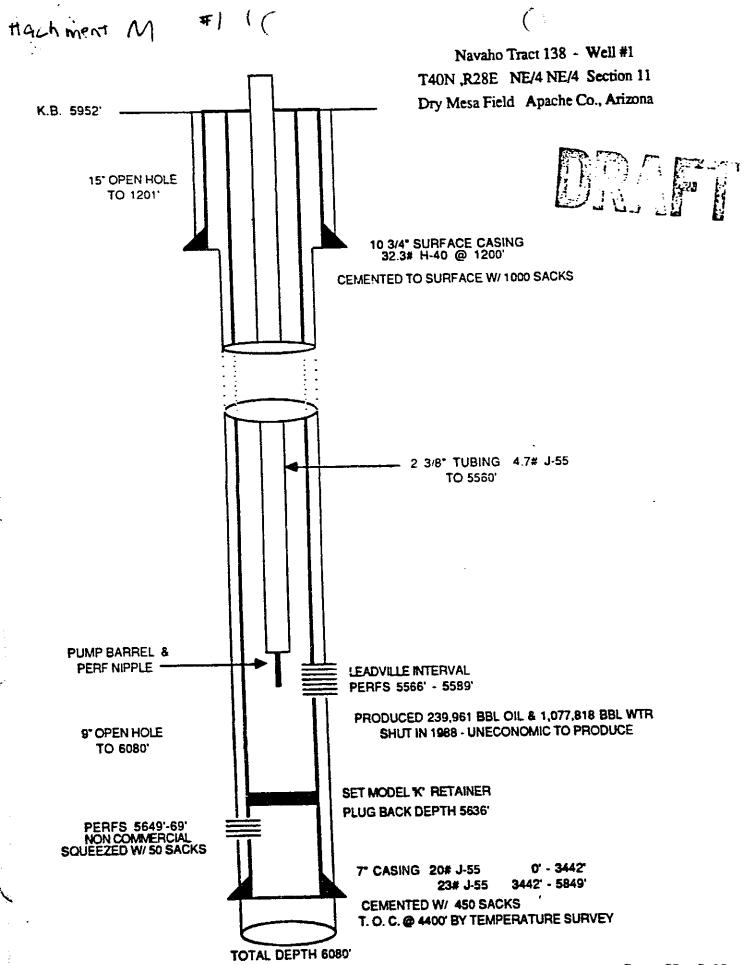
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APPENDIX A - (Construction Procedures)

- 1. Existing Construction Schematic
- 2. Workover and SWD Conversion
- 3. Proposed Construction Schematic

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Navajo Tract 138 - Well #1 T40N R28E NE NE Section 11 Dry Mesa Field Apache Co., Arizona K.B. 5952° PROPOSED COMPLETION FOR WATER DISPOSAL 15" OPEN HOLE to 1201' 10-3/4" SURFACE CASING 32.3 H-40 @ 1200° CEMENTED TO SURFACE W/ 1000 SACKS 9" OPEN HOLE PERFORATE AT 3000 to 6080° SOUEEZE 900 SACKS CLASS 'B' CEMENT FROM 3000' TO SURFACE TO PROTECT FRESH WATER ZONES T. O. C. @ 4400° REPLACE EXISTING TUBING BY TEMPERATURE SURVEY W/ COATED CORROSION RESISTANT TUBING AFTER TESTING 2-3/8" TUBING 4.7" J-55 to 5560' INSTALL PLASTIC COATED PROPOSE TO INJECT BAKER MODEL 'R' PACKER INTO EXISTING LEADVILLE PERFS (OR SIMILAR) SET AT 5550" LEADVILLE INTERVAL PERFS 5566: - 5589: PRODUCED 239,961 BBL OIL & 1,077,818 BBL WTR SHUT IN 1987 - UNECONOMICAL TO PRODUCE SET MODEL 'K' RETAINER PERFS 5649' - 69' PLUG BACK DEPTH 5636' NON COMMERCIAL SQUEEZED W/ 50 SACKS 7" PRODUCTION CASING 20# J-55 0' - 3442' 23# J-55 3443' - 5849' CEMENTED W/ 450 SACKS TOTAL DEPTH 6080

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Machinent 101 "11 WELLHEAD AND SURFACE EQUIPMENT SKETCH FOR PROPOSED INJECTION WELL O DISPOSAL LINE PRESSURE GAUGE 2 3/8" COATED TUBING USED FOR DISPOSAL LINE MASTER CONTROL VALVE TYPE 'E' TUBING HEAD TUBING PRESSURE GAUGE TUBING PRESSURE RELEASE TYPE 'B' CASING HEAD ANNULAR PRESSURE GAUGE ANNULAR PRESSURE RELEASE WATER VOLUME METER 10 3/4" CASING PRESSURE GAUGE (1) NON CORROSIVE ANNULAR FLUID NATIONAL INJECTION **PUMP** 7' CASING WATER TANKS (1400 BBL CAPACITY) #6 OIL TANKS #3 OIL TANKS -2 3/8" PLASTIC COATED TUBING HEATER TREATERS PLASTIC COATED PACKER E INJECTION PERFS MODEL 16 RETAINER FLOWLINE TO WELL #3 FLOWLINE TO WELL #6

STORY CONTRACTOR OF THE PROPERTY.

Page 25 of 35 UIC Permit Number NAS900000002 APPENDIX B - (Reporting Forms and Instructions)

1. EPA Form 7520 -7: APPLICATION TO TRANSFER PERMIT

2. EPA Form 7520-10: WELL COMPLETION REPORT

3. EPA Form 7520-11: ANNUAL WELL MONITORING REPORT

4. EPA Form 7520-12: WELL REWORK RECORD

5. EPA Form 7520-13: PLUGGING RECORD

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immediately responsible for obtaining the information, I believe that the information is true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including

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the possibility of fine and imprisonment. (Ref. 40 CFR 144.32)

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:PA Form 7520-12 (2-84)

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Signature of Comenter or Authorized Representative CERTIFICATION I certify under penalty of law that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information, the information, the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, including the possibility of line and impringement penalties for submitting false information, including the possibility of line and impringement penalties for submitting false information, including the possibility of line and impringement penalties for submitting false information, including the possibility of line and impringement of penalties for submitting false information, including the possibility of line and impringement of penalties for submitting false information, including the possibility of line and impringement for penalties for submitting false information, including the possibility of line and impringement for penalties for submitting false information, including the possibility of line and impringement for penalties for submitting false	ATES ENVIRONMENTAL PROTECTION A	WASHI		(4	Ά	P	<u> </u>	E	PA	NN N			WASHINGTO	N, DC 20460			r.	
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APPENDIX C - (Plugging and Abandonment Plan)

1. Plugging & Abandonment Plan

C manual

2. Plugging & Abandonment Plan Schematic

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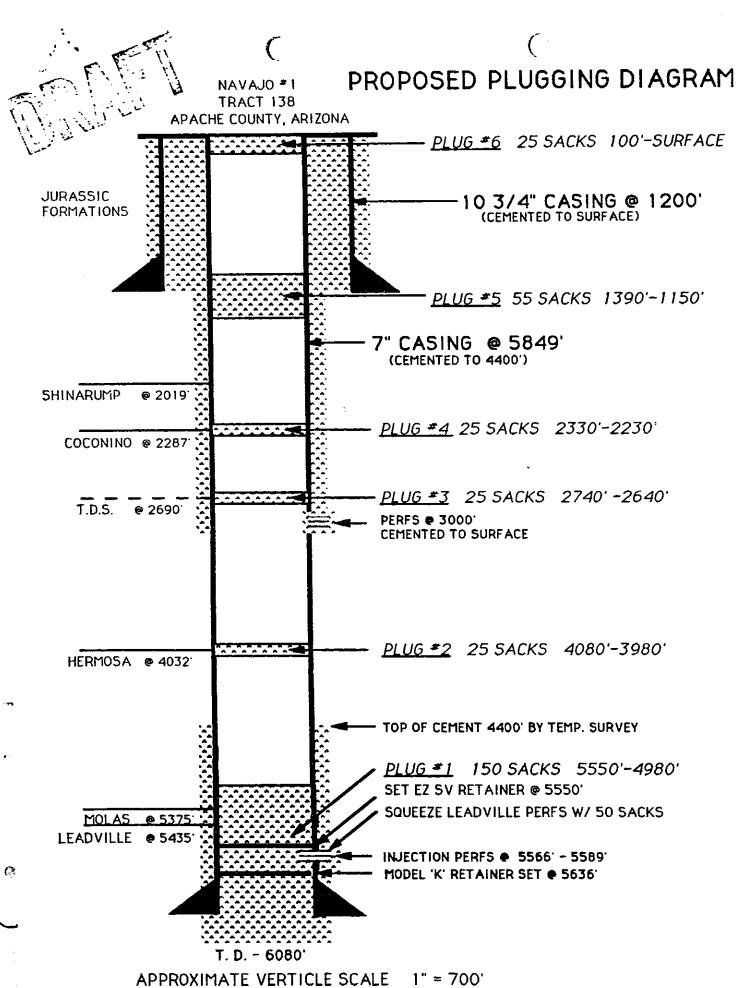
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5	Lease	Name	Trac	t 138		Well Numbe			•
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7" 23	584		 		Other				
									
CEMENTING TO PLUG AND ABANDON			JG #1	PLUG #2	PLUG #3	PLUG #4	PLUG #5	7 "	PLUG #7
Size of Hole or Pipe in which Plug Will Be Placed	(inches)		550'		2740'		1390'	100'	
Depth to Bottom of Tubing or Orill Pipe (ft.) Sacks of Cament To Be Used (each plug)			50	25	25	25	5.5	25	<u> </u>
Sturry Volume To Be Pumped (cu. ft.)		50		30	30	2230	65 1150'	30 Surfa	de
Calculated Top of Plug (ft.)		45	80'	3980	2640	7 2230	1130		
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Page 34 of 35 UIC Permit Number NAS900000002

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PROPOSED

PLUGGING SCHEDULE

For Well #1

First Plug	100 Sacks Cement	5534'-4980'
Second Plug	28 Sacks Cement	4080'-3980'
Third Plug	56 Sacks Cement	2330'-2230' Inside-Outside 7" casing
Fourth Plug	135 Sacks Cement	1390'-1150' Inside-Outside 7" casing
Fifth Plug	32 Sacks Cement	100' to Surface Inside-Outside 7" casing

This plugging schedule was recommended by the Bureau of Land Management.

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Page 35 of 35 UIC Permit Number NAS900000002

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SENDER: Correlete items 1 and 2 when additional s	ervices are de 'ad, and complete items
3 and 4. Put your address	se side. Failure do this will pravent this ovide you the name of the person delivered services are available. Consuit postmaster ed. Iress. 2. Restricted Delivery (Extra charge)
3. Article Addressed to: M.C. DENNIS PETERSON FIRST NATIONAL BANK DEFARMINGTON P.O. BOX 4540 FARMINGTON, NIM 8749-4540	4. Article Number 23 13344 Type of Service: Insured Certified COD Express Mail Grown Receipt for Merchandise
	Always obtain signature of addressee or agent and DATE DELIVERED.
5. Signature — Address X	8. Addressee's Address (ONLY if requested and fee paid)
8. Signature - Agent Ausolano	7
7. Date of Delivery //- 20 - 89	DOMESTIC BETTIEN DECEME
PS Form 3811, Mar. 1988 * U.S.G.P.O. 1988-212	-865 DOMESTIC RETURN RECEIPT

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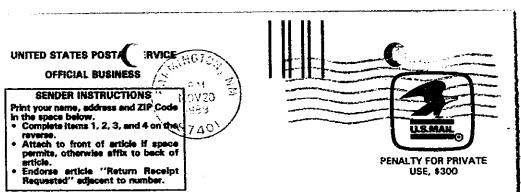
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RETURN TO Print Sender's name, address, and ZIP Code in the space below.

A2 DIL + GAS CONSERVATION COMMISSION 5150 N. 16TH ST., STE. B141 PHOENIX, A2 85016

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DRY MESA CORPORATION

POST OFFICE BOX 5446 FARMINGTON, NEW MEXICO 87499 505 325-2058

20 November 1989

Ms. Sue Chambers Valley Bank Of Arizona P. O. Box 279 St. Johns, Arizona 85936

Dear Ms. Chambers:

122 2027/2022

Enclosed is a cashier's check in the amount of \$25,000.00 which will purchase a Certificate Of Deposit from your bank in the same amount. This C. D. will be in the name of Dry Mesa Corporation and will be for the best interest rate you have. The C. D. must be automatic renewable. The interest from this C. D. will be sent to the account of Dry Mesa Corporation, account number 010103030, First National Bank, P. O. Box 4540, Farmington, New Mexico 87499 for deposit. Dry Mesa's federal I.D. number is 48-1062434.

please complete the bank's part of the two enclosed forms and send them along with the C. D. to

Oil & Gas Conservation Commission 5150 North 16th Street, Suite B-141 State Of Arizona Phoenix, Arizona

Call me if you have Thank you for you help. any questions. sincerely,

Enclosures

cc: Dan Brennan



Oil and Gas Conservation Commission

STATE OF ARIZONA

5150 N. 16th STREET, SUITE B-141 PHOENIX, ARIZONA 85016 PHONE: (602) 255-5161

November 15, 1989

Mr. Dennis Peterson First National Bank of Farmington P. O. Box 4540 Farmington, New Mexico 87499-4540

Dear Mr. Peterson:

Enclosed is Certificate of Deposit No. 301-100671 made out in favor of the Arizona Oil and Gas Conservation Commission and Dry Mesa Corporation. Regretably, since this certificate was issued, we have been informed that a CD used as a bond in Arizona must be issued by a bank, savings and loan, or credit union doing business in Arizona.

We, therefore, ask you to redeem this certificate and to have a new CD issued by a bank in Arizona. The new CD should be issued to Dry Mesa Corporation. Dry Mesa should then assign the CD to the Treasurer of the State of Arizona on the enclosed form. The form must be signed by an authorized representative of Dry Mesa Corporation and by an officer of the issuing bank.

Both the CD and the signed and notarized assignment should then be forwarded to the Arizona Oil and Gas Conservation Commission at the above address.

I regret the inconvenience this is causing. Thank you for your cooperation.

Very truly yours

Daniel J. Brennan Executive Director

Enclosures

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AZ OIL & GAS CONSERVATION COMMISSION

OCT 17 1989

DRY MESA CORPORATION

POST OFFICE BOX 5446 FARMINGTON, NEW MEXICO 87499 505 325-2058

16 October 1989

Mr. Daniel J. Brennan Executive Director Arizona Oil & Gas Commission 5150 North 16th Suite B-141 Phoenix, Arizona 85016

Re: B.I.A. Leases Tract 138, 14-20-603-4190 Navajo "O" 14-20-603-716

Dear Mr. Brennan:

Enclosed is a Certificate Of Deposit drawn on the First National Bank of Farmington, New Mexico in the amount of \$25,000.00. I pledge this to the State of Arizona in place of a Performance Bond so Dry Mesa Corporation may operate the subject leases.

Please contact Mr. Dennis Peterson at First National Bank, telephone 505 326-9026, if you have any questions about this C.D.

Sincerely,

Kenneth R. Hand

Enclosure

DRY MESA CORPORATION

POST OFFICE BOX 5446
FARMINGTON, NEW MEXICO 87499
505 325-2058

26 September 1989

Mr. Daniel J. Brennan
Executive Director
Oil & Gas Conservation Commission
State Of Arizona
5150 North 16th Street
Suite B-141
Phoenix, Arizona 85016

Re: Navajo Tract 138 and Navajo Tribal "O" Apache County, Arizona

Dear Dan:

A CONTRACTOR

Per our conversation today, I will post a Certificate Of Deposit in the amount of \$25,000.00 with the State of Arizona on or before the 16th of October, 1989, said CD to serve as a bond while Dry Mesa Corporation is the operator of oil and gas leases in the State of Arizona

I appreciate you working with me on this as I just spent in excess of \$20,000.00 reworking the wells and equipment on Tract 138. I have the #3 and #6 wells back in production and will produce in excess of 4,000 barrels of oil in October, I believe. Both wells were down about 10 days in September but will still produce in excess of 2,700 barrels of oil for the month. As you can see, we have made a big improvement in the wells.

I will be talking with you soon.

Sincerely,

Kenneth R. Hand

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AZ OIL & GAS CONSERVATION COMMISSION

JAN 2 6 1990

DUNCAN, OK. 73534-1957

January 23,1989

Arizona Oil & Gas Commission 5150 N 16th Street B141 Phoenix, Az. 85016

> RE:Dry Mesa Field ,Tract 138 Lease Teec Nos Pos Field,Navajo "O"

Attention: Dan Brennan

Dear Sir:

Enclosed herewith please find copies of the following information:

Tax Sale Notice Letter to Apache County Treasurer Agreement of Sale & Purchase

CROSS CREEK CORPORATION P.O. BOX 1957

If you have any questions please feel free to call.

Thank you

Scott L. Hand

Cross Creek Corporation

AZ OIL & GAS CONSERVATION COMMISSION

LAVERE D. CONNOLLY APACHE COUNTY TREASURER P. D. BOX 699

JAN 2 6 1990

ST. JOHNS, ARIZONA 85936 TELEPHONE: (602) 337-4364 EXT. 252

JAN 22 REC'D

JANUARY B, 1990

CROSS CREEK CORP. SCOTT HAND P.O. BOX 447 FARMINGTON, N. M. 77057

PARCEL ID DESCRIPTION

989-12-700-00-8 VALUE OF PRODUCING DIL AND GAS INTEREST

** TAX SALE NOTICE **

YEAR	RECEIPT	TAX CERT	TAX	INTEREST	TOTAL
88 F	43741		8, 993. 06	1,438.89	10,431.95
89 F	43644		4, 403. 62	88.07	4,491.69

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TOTAL IF PAID BY FEBRUARY 1, 1990 14,923.64

PAYMENT MUST BE MADE BY CERTIFIED CHECK, CASHIERS CHECK, OR POSTAL MONEY ORDER.
THIS PARCEL HAS DELINQUENT TAXES. ADDITIONAL TAXES, INTEREST, AND PENALTIES MAY BE DUE.
UNDER THE PROVISIONS OF THE STATUTES COVERING DELINQUENT TAXES, IT IS MANDATORY FOR ME TO ADVERTISE & SELL ALL TAXES OLDER THAN 1989, WHICH ARE OUTSTANDING AGAINST THIS PROPERTY AFTER FEBRUARY 1, 1990 (ARS #42-385).

SINCERELY YOURS, LAVERE O. CONNOLLY APACHE COUNTY TREASURER

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REPORT SERVICE STREET

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CROSS CREEK CORPORATION
P.O.BOX 1957
UNCAN, OK. 73534-1957

AZ OIL & GAS CONSERVATION COMMISSION

JAH 2 6 1930

January 23,1990

Lavere O. Connolly Apache County Treasurer P.O.Box 699 St. Johns, Az. 85936

RE: Parcel ID 989-12-700-00-8

Dear Mr. Connolly:

Enclosed herewith please find a copy of the Agreement of Sale and Purchase from Cross Creek Corporation to Ken R. Hand d/b/a Dry Mesa Corporation effective February 15, 1989 for Operating Rights of the leases this tax statement covers. For your convenience I have highlighted the following items:

- #2) Buyer's Representations (c)
- #5) Taxes
- **#7)** Effective Date
- #15)Miscellaneous

Cross Creek Corporation has mailed or delivered to Kenneth R. Hand d/b/a Dry Mesa Corporation, P.O.Box 5446, Farmington, NM 87499 and/or #15 Willowbrook, Wichita, Ks. 67207, any and all tax statements, requests and demands as follows:

- a) Copy 1988 Tax Statement, delivered 2/13/89
- b) Original 1988 Tax Stment, delivered 2/14/89
- c) Delinquent Tax Notice, mailed 10/5/89
- d) 1989 Original Tax Statement, mailed 10/5/89

e) Tax Sale Notice, mailed 1/23/89

We have also notified by mail, the sale of these properties, to the Arizona Department of Revenue, Division of Evaluation and Equalization, Sales, Use & Severance Tax Division and Apache County Tax Assessor.

We are asking that any further request regarding these properties be sent to the current operator, Kenneth R. Hand d/b/a Dry Mesa Corporation at the address or addresses above.

Thank you for your prompt attention and cooperation in this matter.

Sincerely,

The state of the s

Scott L. Hand

Vice-President/Secretary

cc:Kenneth R. Hand d/b/a Dry Mesa Corporation cc:Arizona Oil & Gas Commission

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AZ OIL & GAS
CONSERVATION COMMISSION

AGREEMENT OF SALE AND PURCHASE

JAN 2 6 1930

This agreement made and entered into this 5 day of February, 1989 by and between CROSS CREEK CORPORATION, an Oklahoma corporation, with an office and place of business at \$30 Road 1990, Farmington, New Mexico 87499; hereinafter sometimes called "Seller," and DRY MESA CORPORATION, a Delaware corporation, with an office and place of business at \$15 Willowbrook, Wichita, Kansas 67207, hereinafter sometimes called "Buyer."

Seller agrees to sell and Buyer agrees to buy for the sum described hereinafter the following described and referred to properties and interests which are together hereinafter sometimes referred to as the "Subject Interests."

All of Seller's right, title and interest in and to:

- All of those properties, rights and interests described on Exhibit "A", attached hereto and made a part hereof for all purposes, together with all operating rights as to the oil, gas and mineral leases described on Exhibit "A".
- Together with all units associated with the oil, gas and 2. mineral leases noted on said Exhibit and all personal property, improvements, moveables, easements, permits, licenses, servitudes and rights-of-way situated upon or used or useful or held for future use in connection with the exploration, development, maintenance or operation of the properties, rights and interests described in No. 1 hereinabove or the production, treating, storing or transportation of the oil, gas or other minerals produced from such leases, including, but not by way of limitation, wells, tanks, boilers, buildings, fixtures, machinery and other equipment, pipelines, power lines, telephone and telegraph lines, roads and other appurtenances situated upon or used or useful or held for future use in connection with the exploration, development, maintenance or operation of the properties, rights and interests described in No. 1 hereinabove or the production, treating, storing or transportation of oil, gas or other minerals produced from the properties, rights and interests described in No. 1 hereinabove.

This agreement does not cover the sale and conveyance of any gas purchase pipelines, gas purchase facilities or gas purchase contracts.

This agreement and conveyance is made and accepted subject to the following terms and conditions:

- 1. Seller's Representations: Seller represents to Buyer:
 - (a) That the Subject Interests include all the property rights acquired by CROSS CREEK CORPORATION on those leases. (See Exhibit "A".)
 - (b) That, to the best of Seller's knowledge, there are no administrative proceedings, litigations or claims pending (other than those listed below), affecting or relating to the ownership, use, operation or maintenance of the Subject Interests.
 - (c) That, to the best of Seller's knowledge, all oil and gas leases, contracts, licenses, easements, permits and other rights and interests comprising

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any portion of the Subject Interests are now and shall be as of the date of closing in full force and effect according to their respective terms and provisions and that all rights granted thereby are valid and subsisting, and Seller has received no notices or demands affecting or relating to such rights.

- (d) That, to the best of Seller's knowledge, all payments of rentals, royalties, and other charges, if any, required by the terms and provisions of the oil, gas and mineral leases, contracts, licenses, permits and easements comprising any portion of the Subject Interests to be made prior to closing date to prevent forfeiture or termination thereof shall have been fully and timely paid.
- (e) That all consents, waivers or permissions required for the valid and effective conveyance and assignment to Buyer of any rights or interests included within the Subject Interests have been obtained or will be obtained prior to the date of closing, and, if requested by Buyer, satisfactory evidence thereof will be furnished to Buyer at or before the date of closing.
- (f) That Seller has caused no lien to attach to any of the Subject Interests.
- (g) Seller has full power and authority to enter into and perform its obligations under this agreement and has taken all proper corporate action to authorize entering into this agreement and the performance of its obligations hereunder.
- (h) That Seller shall not have received, prior to the closing date, any prepayment for production of oil, gas or other minerals from the Subject Interests produced subsequent to the effective date hereof except payments for which Seller will make proper accounting to Buyer on the date of closing.
- (i) The conveyance and assignment from Seller to Buyer of the Subject Interests will contain no warranty of title to the Subject Interests, either expressed or implied, except that as to those items listed on Exhibit "A". Seller warrants that the Subject Interests have not been disposed of, mortgaged or encumbered by Cross Creek Corporation.
- 2. Buyer's Representations: Buyer represents to Seller:
 - (a) That Buyer is negotiating this transaction and entering into this contract for its own account.
 - (b) That Buyer will promptly cooperate in the closing of the transaction evidenced hereby after being informed by Seller that the papers necessary for such conveyance have been prepared.
 - (c) That Buyer will promptly post a bond necessary to meet the requirements of operation of the Subject Interests. The buyer will accept any and all liabilities that should occur by the absence of such bonds.
- 3. Buyer's Conditions to Closing: The obligations of Buyer under this agreement to purchase the Subject Interests

shall, at Buyer's option, be conditioned upon the following:

- (a) Seller shall have performed all of the terms and provisions contained in this agreement to be performed.
- (b) At the date of closing, no suit, action or other proceeding shall be pending or threatened in which it is sought to restrict or prohibit the consummation of the sale of the Subject Interests as contemplated by this agreement or in which title of Seller to any part of the Subject Interests is brought into question.
- 4. Records, Contracts and Files: If requested by Buyer, all original lease and land records, and all existing contracts, well files, including all well logs, core analyses, drilling records, filed forms, and all other materials pertaining to the Subject Interests in possession of Seller and copies or duplicates of which Buyer does not have shall be delivered to Buyer and, as of closing, shall become the property of Buyer as a part of the Subject Interests.
- 5. Taxes: Property and/or ad valorem taxes as well as Possessory Interest Taxes that remain unpaid against the Subject Interests shall be the responsibility of Buyer.
- 6. Conditions and Covenants: Buyer agrees that from and after the effective date, hereinafter noted, it will assume and carry out all conditions and covenants and obligations contained in the leases, contracts, licenses, easements and permits comprising the Subject Interests which Buyer is legally obligated to perform. Seller declares that, to the best of its knowledge, such conditions, covenants and obligations have been fully complied with and performed down to the effective date hereinafter noted and agrees to hold Buyer harmless from any claim or judgment arising out of Seller's failure to so comply with and perform any such conditions, covenants and obligations with which Seller was legally obligated to comply or as to which Seller was legally obligated to perform.
- 7. Effective Date: The conveyance and assignment of Subject Interests to Buyer shall be made effective as to the date first written above.
- 8. The Buyer will assume ownership of any and all oil remaining in the tanks on the Subject Interests. The Seller will receive all monies for oil sold before the effective date and will pay all royalties and severance taxes due upon said production. After such royalties and taxes are paid, fifty (50) percent of the remaining monies will be paid to Hay Hot Oil under the terms of Exhibit "C", and the remaining fifty (50) percent will be credited to Sun's Interest.
- 9. Closing Date: This sale and purchase shall be consummated and closed on the day first written above.
- 10. Operation of Subject Interests: All costs and expenses of the operation of the Subject Interests after the effective date shall be charged to the account of Buyer and shall be paid solely by Buyer.
- 11. Delivery of Records, Contracts and Files: At the time of

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closing, or as soon thereafter as possible, Seller shall deliver to Buyer all records, contracts, files and other materials herein required to be furnished and delivered by Seller and which have not already been so delivered to Buyer. At closing, Seller shall then deliver to Buyer instruments of assignment and conveyance covering all of the Subject Interests duly executed and acknowledged on behalf of Seller.

- Payment of Purchase Price: Buyer agrees to assume the liabilities as shown on Exhibit "B". The liability to Hay Hot Oil, Incorporated will be met under the conditions as set out in an agreement between Hay Hot Oil, Incorporated and Cross Creek Corporation and attached as Exhibit "C". The liability to Cross Creek Corporation will be met by and in a promissory note and agreement between the Buyer and Seller and a copy herein attached as Exhibit "D".
- Negotiations of This Sale and Purchase: Each party represents that it has negotiated this transaction only through its own personnel and has incurred no obligation to any agent or broker for any commission in connection with this transaction.
- 214. Entire Agreement: This agreement contains the entire agreement between the parties hereto with respect to the transaction covered hereby and supersedes all prior agreements between the parties, oral or written, relating to the subject matter of this agreement. This agreement shall extend to and be binding upon the heirs, successors and assigns of the parties hereto. An assignment shall be executed in consummation of this agreement. Any conflict between said assignment and this agreement shall be resolved in favor of this agreement.

15. Miscellaneous:

- (a) The personal property, improvements and moveables included in the Subject Interests are to be conveyed without any warranties, expressed or implied, as to quality, merchantability or fitness for use of or for a particular purpose. Additionally, such items will be conveyed "as is" and "where is."
- (b) Buyer agrees to indemnify and hold Seller harmless from any and all claims, attorneys' fees, demands, costs causes of action, suits, fines, damages, rulings and judgments accruing on and after the effective date and based on or in any way related to the use, operation, installation, removal or maintenance of the personal property, improvements and moveables included in the Subject Interests.
- (c) Buyer agrees that, upon the closing of this transaction, it solely assumes the firm obligation to properly and promptly plug and abandon all wells needing such operations and located on the Subject Interests.
- (d) Buyer shall fully comply with all rules, regulations, orders, laws and rulings with respect to the Subject Interests and agrees to indemnify and hold Seller harmless from any attorneys' fees, judgments and damages accruing on and after the effective date and resulting from Buyer's failure to so comply.

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- Buyer shall fully comply with all terms, covenants and conditions of the oil, gas and mineral leases included in the Subject Interests and all related documentation and agrees to indemnify and hold Seller harmless from all claims, demands, fines, attorneys' fees, judgments and damages accruing on and after the effective date and resulting from Buyer's failure to so comply.
- (f) Buyer hereby agrees to indemnify and hold harmless Seller from all attorneys' fees, costs, fines, damages, claims, judgments, and losses, accruing after said effective date, and resulting from, arising out of our association with Buyer's acts or omissions as to the Subject Interests, or any part thereof.
- Buyer and Seller, for themselves and any related (g) business concerns, hereby waive and release any and all claims and causes of action in favor of Buyer or Seller, and any related business concern, against Buyer or Seller, and any related business concern, and arising out of the contractual or business relationship of Buyer and Seller, or any related business, as to the Subject Interests, excluding this Agreement of Sale and Purchase and said Assignment executed pursuant to this Agreement of Sale and Purchase. If this waiver and release is legally ineffectual then Buyer and Seller hereby agrees to indemnify and hold harmless each other from any and all claims, damages and causes of action in behalf of each (or in behalf of any affiliate or related business concern of each) except for those claims, damages and causes of action arising by virtue of or pursuant to this Agreement of Sale and Purchase or said Assignment, and arising out of, related to or associated with the contractual or business relationship of Seller (or any affiliate or related business concern of Seller) with Buyer (or any affiliate or related business concern of Buyer)n as to the Subject Interests.
- (h) The conveyance of the Subject Interests shall be made specifically subject to any and all conveyances, reservations and matters of record in Apache County, Arizona, or the Bureau of Land Management, even though such conveyances, reservations and matters are not specifically recited herein or in said conveyance, to any gas purchase contracts currently in force as to the Subject Interests, if any, and to all non-consent elections by seller or its predecessors in interest.

This agreement may be executed in one or more counterparts, each of which shall have the same validity as the original. This instrument is signed effective as to the date first written above.

seller: cros# creek corporation

S. L. Hand Vice President/Secretary

BUYER: DRY MESA CORPORATION

Kenneth R. Hand President 7. Jegania

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EXHIBIT "A"

LEASE SCHEDULE

LEASE NO. NAME	LEASE DATE & TERM	BASIC	ORRI	DESCRIPTION	GROSS ACRES	NET. ACRES
BIA 14-20- Navajo Tract 138 603-4190	8 05/28/58 HBP	16.67%	-	Township 40 North, Range 28 East Section 1 : All Section 2 : All Section 11 : All Section 12 : All Apache County, Arizona	2,357.00	1,178,50
BIA 14-20- Teec Nos Pos 603-716	10/07/54	12.5%	ç	Township 41 North, Range 30 East Section 23: St Section 25: Want, NtSWt Section 26: NEt	640.00	640.00

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Oil and Gas Conservation Commission

STATE OF ARIZONA

5150 N. 16th STREET, SUITE B-141 PHOENIX, ARIZONA 85016 PHONE: (602) 255-5161

BEFORE THE OIL AND GAS CONSERVATION COMMISSION OF THE STATE OF ARIZONA

In the matter of the Hearing called by the Oil and Gas Conservation Commission of the State of Arizona for the purpose of considering:

> CASE NO. 62 ORDER NO. 56

The application of Chuska Energy Company to establish a rule for 160-acre spacing in the Black Rock Field, Apache County, Arizona

ORDER OF THE COMMISSION

This cause was considered at 10:05 A.M. on September 15, 1989 at Phoenix, Arizona by the OIL AND GAS CONSERVATION COMMISSION OF THE STATE OF ARIZONA, hereinafter referred to as the COMMISSION.

The COMMISSION, a quorum being present, having considered the facts presented and being fully advised in the premises, finds as follows:

FINDINGS:

- (1) THAT the COMMISSION has jurisdiction of the subject matter thereof, pursuant to ARS 27-504 and 27-516 A.12.
- (2) THAT adequate geological and engineering data has been presented to the COMMISSION to conclude that the Paradox formation in the subject area is a pool and a separate common source of supply of gas and associated hydrocarbons.
- (3) THAT 640-acre spacing will not adequately drain the reservoir, resulting in waste of the resource.
- (4) THAT spacing of less than 160 acres per well would result in drilling of unnecessary wells.

Chuska Energy Company Page - 2 -

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- (5) THAT 160 acres is not less than the maximum area that can be effectively drained in an efficient and economical manner by a single well producing gas and associated hydrocarbon from the Paradox formation in subject area.
- (6) THAT it is in the best interest of the people of the STATE OF ARIZONA that the application for 160-acre spacing in Black Rock Field, Apache County, Arizona be approved.

THEREFORE the COMMISSION orders:

(1) THAT there be established 160-acre spacing units for the production of gas and associated hydrocarbons in the following area:

T40N-R29E G&SRB&M

Sec 7, W 1/2 and SE 1/4	Sec 18, N $1/2$ and SE $1/4$
8, S 1/2	20, NE 1/4
9, S 1/2	21, All
15, W 1/2	22, All
16, All	23, SW 1/4
17, All	26, NW 1/4
•	27, N 1/2

T40N-R28E G&SRB&M

Sec 1,	A11	Sec	11,	All
Sec 2.		Sec	12.	All

- (2) THAT the 160-acre spacing units shall correspond with governmental quarter sections according to the protracted governmental survey of the area.
- (3) THAT except as provided in Section 4 below, no gas well shall be drilled closer than 660 feet from the outer boundary of any quarter section, in the area spaced.
- (4) THAT the following existing wells are designated as the unit wells for the spacing unit in which they are located even though they are exceptional locations.

O&G Permit #	Name	Spacing Unit
115	Dry Mesa (Texas Pacific) 138-3Navajo	SE 1/4 Sec 2 T40N-R28E
615	Chuska (American Fuels) Black Rock 2 (INavajo AC)	NE 1/4 Sec 17 T40N-R29E
581	Chuska (Am Fuel, CSO) Black Rock 3 (1-16 Navajo)	NW 1/4 Sec 16 T40-R29E

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Chuska Energy Company Page - 3 -

(5) THAT the producing interval to which this order applies is the Pennsylvanian Paradox formation correlative with the interval 4567 feet to 5558 feet in the well Chuska Energy (American Fuels) Black Rock #2 (1Navajo AC) located in Section 17, T40N-R29E, Apache County, Arizona.

OIL AND GAS CONSERVATION COMMISSION

J. Dale Nations, Chairman

DATE 9/29/89

(SEAL)

ATTEST:

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Daniel J. Brennan Executive Director

DATE Defeler 1989

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UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION IX

215 Fremont Street
San Francisco, Ca. 94105

September 18, 1989

Kenneth R. Hand Dry Mesa corporation P. O. Box 5446 Farmington, New Mexico 87499

Re: Navajo Tract 138, Well No. 1 Apache County, Arizona

P/N 77

Dear Mr. Hand:

EPA Region 9 has determined that your application for an Underground Injection Control (UIC) permit for the referenced well is incomplete. Additional information as outlined on Attachment I is being requested pursuant to 40 CFR §144.27, so that we may complete this portion of the permitting process. Attachment II is the check list upon which the permit application was reviewed for completeness. This determination was conducted in accordance with Federal UIC regulations in 40 CFR §§124, 144, and 146.

Your response must contain the enclosed certification statement and fulfill the signatory requirement of 40 CFR §144.32 (Attachment III). Until your application is complete, EPA cannot proceed with the technical review of your application for a UIC permit.

In addition, Attachment IV is an explanation of the applicant's rights to confidentiality and the EPA's authority as it relates to that right. Should you wish to claim any part of the application as confidential, please refer to 40 CFR §2.203(b) as prescribed in the attachment. Please address any claim and substantiation of confidentiality to James Walker (W-6-2), EPA, Region 9, 215 Fremont Street, San Francisco, CA 94105.

Sincerely,

Alester Kaufman, Chief Underground Injection Control Section

Attachments

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cc: Peter Deswood Director Navajo Division of Resources P. O. Box Window Rock, Arizona 86515

Raymond Roessel (w/attachments)
Underground Injection Control
Department of Water Management
Division of Water Resources
P. O. Box 308
Window Rock, Arizona 86515

Daniel J. Brennan Executive Director Arizona Oil and Gas Commission 3110 N. 19th Avenue Suite 190 Phoenix, Arizona 85015

Ken Townsend Chief of Fluid Minerals U. S. Bureau of Land Management 1235 La Plata Hwy. Farmington, New Mexico 87401

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Oil and Gas Conservation Commission

STATE OF ARIZONA

3110 N. 19th AVENUE, SUITE 190 PHOENIX, ARIZONA 85015 PHONE: (602) 255-5161

April 6, 1989

Mr. K. R. Hand Dry Mesa Corporation P. O. Box 5446 Farmington, NM 87499

Dear Mr. Hand:

Regarding our telephone conversation on April 5, 1989, I have enclosed the following forms to properly document the transfer of property at the Teec Nos Pos and Dry Mesa Fields from Cross Creek Corporation to Dry Mesa Corporation.

Form 1: Organization Report (File 1 copy)

Performance Bond (File 2 copies) Form 2:

Operators Certificate of Compliance and Authorization Form 8:

to Transport Oil or Gas From Lease (File 2 copies) Form 16: Producers Monthly Report (File 1 copy monthly)

As for the particular wells involved in the sale, the Arizona Oil and Gas Conservation Commission accepts copies of the Sundry Notices sent to the BLM that provide the legal description, well locations, and the status as of the date of sale.

Sincerely,

Sterm L. Raig

Steven L. Rauzi Oil & Gas Specialist

Encl.

1300 Post Oak Tower 5051 Westheimer Houston, Texas 77056 Telephone (713) 877-5999 Fax (713) 877-5950 Telex 262496



August 19, 1986

Mr. R. A. Ybarra Enforcement Director Oil & Gas Conservation Commission State of Arizona 1645 West Jefferson, Suite 420 Phoenix, Arizona 85007

> Re: BHP Petroleum (Americas)-Bond #731451

BHP Petroleum Company -Bond #8111-66-21

Dear Mr. Ybarra:

Well #'s

1.3

Pursuant to your request July 16, 1986 of Ms. Diana Jones, we submit the following well information by company:

BHP Petroleum Company Apache County, Arizona Formerly: Monsanto Oil Company Dry Mesa Field Navajo Tract 138 State Permit No.

1	77
2	106
3	115
6	852
_	

Legal Description on the above is: Sec 1, 2, 11 & 12 TWP 40N-29.

BHP Petroleum (Americas) Apache County, Arizona Teec Nos Pos, Ismay Field Navajo Tribal '0'

Well #'s	State Permit No.	Section No.	TWP 41N-30E.
1	232	23	
2	582	23	
3	640	23	
4	663	23	
5	678	26	
6	683	25	
9	687	26	



OFFICE OF

Gil and Gas Conservation Commission

STATE OF ARIZONA

1645 WEST JEFFERSON, SUITE 420 PHOENIX, ARIZONA 85007 PHONE: (602) 255-5161

July 16, 1986

Mr. Barney E. Sullivan
Manager, Bonds & Insurance
BHP Petroleum (Americas) Inc.
217 North Water Street
Wichita, KS 67201

Re: BHP Petroleum Company Inc.
Blanket Bond No. 811-66-21
Dry Mesa Field
Apache County

Dear Mr. Sullivan:

This letter is to inform you that the above-captioned bond has been received and approved by the Commission, and that effective July 15, 1986, the old Monsanto Oil Company bond No. 328-6165 is eligible for release.

Enclosed is a copy of the approved bond.

If I can be of further assistance, please let me know.

Sincerely,

R. G. Yhann R. A. Ybarra Enforcement Director

lr Encl.

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The same and same and

JUL 7 1986

217 North Water Street Post Office Box 1201 Wichita, Kansas 67201 Telephone (316) 265-7721 Fax (316) 264-6929 Telex II (910) 741-6940

0 & G (285) COSM. CERTIFIED MAIL

July 3, 1986

... 23 - ...



State of Arizona Oil & Gas Conservation Commission Attn: Ms. Katie Barnes 1645 West Jefferson, Suite 420 Phoenix, Arizona 85007

Statewide Drilling Bond Re: BHP Petroleum Company Inc. Bond #8111-66-21

Dear Ms. Barnes:

Enclosed please find two copies of the captioned bond for our new subsidiary, BHP Petroleum Company Inc., formerly Monsanto Oil Company. Along with this bond is a rider accepting the liability for the old Monsanto Oil Company bond #328-6165/10720. We would appreciate you forwarding to us at the address set out above, the original copy of the old bond or a letter of release so we may cancel same.

Thank you for your assistance and should you have any questions or need additional information, please advise.

Very truly yours,

BHP PETROLEUM (APERICAS) INC.

Manager, Bonds & Insurance

:dj

Enclosures

Operator BHP Petroleum Company, Inc. (Monsanto Oil Co.) Bond Company Federal Insurance Company Amount \$25,000 Date Approved 7-15-86 8111-66-21 Bond No. Permits covered by this bond: 503 106 77 115 (organization report) 852 (+ Bond

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1300 milland Nath
Bank down
500 West Defas
midland Defas
79701

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A CONTRACTOR OF THE PARTY OF TH

XXXXXXXXXXXXXXXX 8686 N. Central, Suite 106 Phoenix, Arizona 85020

April 30, 1975

The Travelers 80 John Street New York, New York 10038

Re: Texas Pacific Oil Company
Joseph E. Seagram & Sons, Inc.
\$25,000 Blanket Well Drilling Bond
Bond No. 1307271

Gentlemen:

Texas Pacific Oil Company has complied with all rules and regulations of the Oil and Gas Conservation Commission, therefore the Commission does hereby authorize release of subject bond.

Very truly yours,

W. E. Allen, Director Enforcement Section

WEA/rlb

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Surety Department Anthony J. Romano, Manager

1 12-25-240

April 24, 1975

CERTIFIED MAIL RETURN RECEIPT REQUESTED

Oil and Gas Conservation Commission State of Arizona 4515 North Seventh Ave. Phoenix, Arizona 85013

> Re: Joseph E. Seagram & Sons, Inc. \$25,000 Blanket Well Drilling Bond Bond No. 1307271

Gentlemen:

We have been advised by Texas Pacific Oil Company that they are no longer in need of the captioned bond. Will you kindly advise us when we may consider our liability terminated under our bond. A postagefree business reply envelope is enclosed for your convenience.

Thank you for your courtesy in this matter.

Very truly yours,

M. Bornschlegt Underwriter

MB:si enc.

RECEIVED

APH 20 1975

O & G CONS. COMM.

JOHN STREET OFFICE OF THE TRAVELERS INSURANCE COMPANIES 80 John Street, New York, New York 10038 Home Office: Hartford, Connecticut

Bend Company THE TRAVELERS INDEMNITY CO

Bond No. 1307271 Date Approved 11-29-65

Permits covered by this bond:

77

95

106

115

116

DATE 4-30-25

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LIABILITY UNDER THE BOND MAY NOT BE TERMINATED WITHOUT WRITTEN PERMISSION OF THIS COMMISSION.

KNOW ALL MEN BY THESE PRESENTS

That Joseph E. Seggrem & Son		
we: oogeby p. peggram & por	ns, Inc., an Indiana Corpo	oration
of the Dallas	in the	l'exas
as principal, THE TRAVELERS	INDEMNITY COMPANY	
ofAUTHORIZE	ED TO DO BUSINESS WITHIN th	a State of Anizona
as surety, are held and firmly bound unto	the State of Arizona in the penal to be made, we bind ourselves, and	sum as indicated, lawful money of the Uni
	hereas the above bounden principa	ll proposes to drill a well or wells for oil, gas
All lands leased to Pr.	incipal within the State of	of Arizona.
	(May be used as blanket bond or for singl	DAMPELLE
		51211
		the provisions of the laws of this State and
wise, the same shall be and remain in full f	orce and effect. nd Dollars (\$25,000.00)	quantities, then this obligation is void; oth
Witness our hands and seals, this 2	st day of Octobe	er, 1965
· · · · · · · · · · · · · · · · · · ·	Joseph E. Ses	agram & Sons, Inc.
Ву	Elizabeth Hei	Tucc rincipals.
Witness our hands and seals, this	Assistant Sacratury	mber 1965
ayona Counteringuature: THE T	RAVELERS INDEMNITY CO	DMPANY
Pinent agr	Kichard a Be	Surety
(If the principal is a corporation, the bond should cipal or surety executes this bond by agent, pow		ers, with the seal of the corporation affixed. When pority must accompany the bond.)
Approved 11-29-65		STATE OF ARIZONA & GAS CONSERVATION COMMISSION
STATE OF ARIZONA-		Bond
JOIL A GAS GOSSERVATION CO	All Topics of the Control of the Con	File Two Copies

The Travelers Indemnity Company Hartford, Connecticut

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS:

That THE TRAVELERS INDEMNITY COMPANY, a corporation of the State of Connecticut, does hereby make, constitute and appoint

Richard A. Beardsley, J. P. Harrison, George E. Miley, all of Phoenix, Arizona, EACH __

its true and lawful Attorney(s)-in-Fact, with full power and authority, for and on behalf of the Company as surety, to execute and deliver and affix the seal of the Company thereto, if a seal is required, bonds, undertakings, recognizances or other written obligations in the nature thereof, as follows:

Any and all bonds, undertakings, recognizances or other written obligations in the nature thereof -

and to bind THE TRAVELERS INDEMNITY COMPANY thereby, and all of the acts of said Attorney(s)in-Fact, pursuant to these presents, are hereby ratified and confirmed.

This appointment is made under and by authority of the following by-laws of the Company which by-laws are now in full force and effect:

ARTICLE IV, SECTION 10. The President, the Chairman of the Finance Committee, the Chairman of the Insurance Executive Committee, any Vice President, any Secretary or any Department Secretary may appoint attorneys-in-fact or agents with power and authority, as defined or limited in their respective powers of attorney, attorneys-in-fact or agents with power and authority, as defined or limited in their respective powers of attorney for and on behalf of the Company to execute and deliver, and affix the seal of the Company thereto, bonds, undertakings, recognizances or other written obligations in the nature thereof and any of said officers may remove any takings, recognizance or written obligation in the nature thereof shall Applied IV Section 12. Any bond, undertaking recognizance or written obligation in the nature thereof shall

Such attorney-in-fact or agent and revoke the power and authority given to him.

ARTICLE IV, SECTION 12. Any bond, undertaking, recognizance or written obligation in the nature thereof shall be valid and binding upon the Company when signed by the President, the Chairman of the Finance Committee, or any Vice President and duly attested and sealed, if a the Chairman of the Insurance Executive Committee, or any Vice President and duly attested and signed by seal is required, by any Secretary or any Department Secretary or any Assistant Secretary, or when signed by the President, the Chairman of the Finance Committee, the Chairman of the Insurance Executive Committee, or any Vice President and countersigned and sealed, if a seal is required, by a quit pathorized attorney-in-fact or agents and any such bond, undertaking, recognizance or written obligation in the radule thereof shall be valid agent; and any such bond, undertaking, recognizance or written obligation in the radule thereof shall be valid agent; and any such bond, undertaking, recognizance or written obligation in the radule thereof shall be valid agent; and any such bond, undertaking, recognizance or written obligation in the radule thereof shall be valid agent; and any such bond, undertaking, recognizance or written obligation in the radule thereof shall be valid agent; and any such bond, undertaking, recognizance or written obligation in the radule thereof shall be valid agent; and any such bond, undertaking recognizance or written obligation in the radule thereof shall be valid agent; and any such bond, undertaking recognizance or written obligation in the radule thereof shall be valid agent; and any such bond, undertaking recognizance or written obligation in the radule thereof shall be valid agent; and any such bond, undertaking recognizance or written obligation in the radule thereof shall be valid agent; and the radule thereof shall be valid agent; and the radule thereof shall be valid agent.

This power of attorney is signed and sealed by facsimile under and by the authority of the following Resolution adopted by the Directors of THE TRAVELERS INDEMNITY CDAFANY at a meeting duly called and held on the 30th day of November, 1959:

VOTED: That the signature of any officer authorized by the By-Laws and the Company seal may be affixed by facsimile to any power of attorney or special power of attorney or certification of either given for the execution of any bond, undertaking, recognizance or other written obligation in the nature thereof; such signature and seal when so used being hereby adopted by the Company as the original signature of such officer and the original seal of the Company, to be valid and binding upon the Company with the same force and effect as though manually affixed

This power of attorney revokes that issued March 1, 1954 on behalf of Melvin W. Carle, power of attorney dated October 30, 1956 on behalf of Richard A. Beardsley and power of attorney dated December 5, 1956 on behalf of Earl J. Seagars -

IN WITNESS WHEREOF, THE TRAVELERS INDEMNITY COMPANY has caused these presents to be signed by its proper officer and its corporate seal to be hereunto affixed this THE TRAVELERS INDEMNITY COMPANY June day of

Secretary, Fidelity and Surety

State of Connecticut, County of Hartford-ss: in the year 1961 before me personally came R. W. Kammann to me known, who, being by me duly sworn, did depose and say: that he resides in June the State of Connecticut; that he is Secretary (Fidelity and Surety) of THE TRAVELERS INDEMNITY COMPANY, the corporation described in and which executed the above instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by authority of his office under the by-laws of said corporation, and that he signed his name thereto by like authority.

> NOTARY PUBLIC CORD,

Notary Public

My commission expires April 1, 1964

(Over)

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CERTIFICATION

I, W. A. Person, Assistant Secretary (Fidelity and Surety) of THE TRAVELERS INDEMNITY COMPANY certify that the foregoing power of attorney, the above quoted Sections 10 and 12 of Article IV of the By-Laws and the Resolution of the Board of Directors of November 30, 1959 have not been modified or revoked and are now in full force and effect.

Signed and Sealed at Hartford, Connecticut, this

day of

19



Assistant Secretary, Fidelity and Surety

S-1869 (BACK)

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TEXAS PACIFIC OIL COMPANY BOX 747

DALLAS, TEXAS 75221

RIVERSIDE 1-5033

2700 FIDELITY UNION TOWER BLDG.

November 15, 1965

Oil and Gas Conservation Commission State of Arizona 1624 West Adams - Room 202 Phoenix, Arizona 85007

Attention: John Bannister, Executive Secretary

Re: Travelers Indemnity Company Bond No. 1307271 Amount \$25,000, Covering all oil and gas wells in the State of Arizona

Gentlemen:

In connection with your request of October 15, 1965, we enclose herewith original and one copy of captioned bond with applicable power-of-attorney.

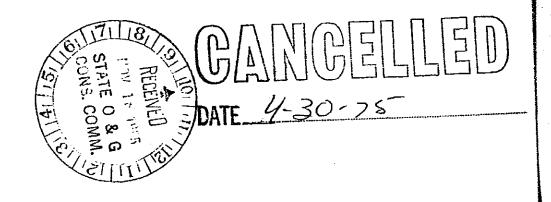
Very truly yours,

TEXAS PACIFIC OIL COMPANY

By:

mandChure Raymond Church

enc1s.



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THE TRAVELERS

THE TRAVELERS INSURANCE COMPANY . THE TRAVELERS INDEMNITY COMPANY

CASUALTY-FIRE AGENCY DEPARTMENT RICHARD A. BEARDSLEY, MANAGER



PHOENIX OFFICE
2200 North Central Avenue
PHOENIX, ARIZONA 85004
Telephone: 252-8971

November 23, 1965

Mr. John Bannister, Executive Secretary Oil & Gas Conservation Commission 1624 West Adams - Suite 202 Phoenix, Arizona 85007

RE: Bond No. 1307271

Dear Mr. Bannister:

In regard to your letter of November 22nd in reference to the captioned bond, we have enclosed herewith the original and one copy of this bond which have been countersigned by the undersigned as an Arizona Resident Agent.

If you need any further assistance in regard to this bond, please do not hesitate to contact me once again.

Sincerely,

Richard A. Beardsley, Manager Casualty-Fire Agency Department

RAB/dr encs.

CANGELLED DATE 4-30-28

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ONNECTICUT AT THE TRAVELERS EXHIBIT

HOME OFFICE: HARTFORD, CONNECTICUT

8686 N. Central, Suite 106 Phoenix, Arizona 85020

April 28, 1975

Mr. E. M. Scholl Monsanto Company Production Department 321 West Texas Midland, Texas 79701

Re: Navajo Tract 138-1 NE/NE Sec 11-T40N-R28E Apache Co., Permit #77 Navajo Tract 138-3 SW/SE Sec 2-T40N-R28E Apache Co., Permit #115

Dear Mr. Scholl:

Our records indicate that Permian Corporation is presently the carrier of oil produced on the above referenced wells. On a recent inspection trip we noticed that Thrift Way of Farmington, New Mexico, was receiving the oil from your tank battery. If this is a new carrier, it will be necessary that you file Form 8, Operator's Certificate of Compliance and Authorization to Transport Oil or Gas from Lease, for this lease. Copies of this form are enclosed.

If Thrift Way was only a temporary carrier and Permian is still your regular carrier, the filing of this form will not be necessary. At any rate, please advise us of the true carrier.

Thank you for your cooperation.

Very truly yours,

W. E. Allen, Director Enforcement Section

WEA/rlb

Encs.

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CONTRACTOR OF THE PARTY OF THE

Monsanto

Monsanto Company **Production Department** 321 West Texas Midland, Texas 79701 Phone: (915) 683-3306

October 29, 1974

Oil & Gas Conservation Commission State of Arizona 4515 North 7th Ave. Phoenix, Arizona 85013

Attn: Mr. W. E. Allen, Director Enforcement Section

> RE: Navajo Tract 138 Apache County, Arizona

Dear Mr. Allen:

We have been searching the files and find no individual well production records of the former operator. Evidently, only lease production was kept during that period. We do have individual well production since 1959. Copies are attached. For expels, see well production file # 77

Please let us know if we can beln in compiling any data with the production fell.

Please let us know if we can help in compiling any data you may need. Sorry about the delay in answering your letter.

EMS:mm

Encl.

RECEIVED

OCT 31 1974

0 & G CONS. COMM.

September 13, 1974

Mr. E. N. Scholl Monsanto Company 101 North Marienfeld Midland, Texas 79701

Re: Monsanto Navajo Tract 138-1 NE/NE Sec 11-T40N-R28E Apache County Permit No. 77) Monsanto Navajo Tract 138-2 SW/NW Sec 12-T40N-R28E Apache County Permit No. 106

Monsanto Navajo ∉138-3 SW/SE Sec 2-T40N-R28E Apache County Permit 115

Dear Mr. Scholl:

We are attempting to compile all time cumulative approduction reports on all wells that have produced oil and/or gas in the State of Arizona.

It would be appreciated if you would furnish this office individual well production for the above referenced wells from completion date to December 1960. The production reports as submitted by the former operator was on a lease basis only. This office has no way to determine the well production.

A CONTRACTOR OF THE PARTY OF TH

Please send us this information at your earliest convenience.

Very truly yours,

W. E. Allen, Director Enforcement Section

WEA/rlb



UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF MINES

Laramie Energy Research Center P. O. BOX 3395, UNIVERSITY STATION LARAMIE, WYOMING 82070
May 7, 1974

Mr. W. E. Allen, Director Enforcement Section Oil and Gas Conservation Commission State of Arizona 4515 North 7th Avenue Phoenix, Arizona 85013

Dear Mr. Allen:

The enclosed analyses are the only ones we have on file for Apache County, Arizona. One is the Dineh-bi-Keyah field, T 36 N, R 30 E, and the other for a wildcat located in T 40 N, R 28 E.

Sincerely yours,

Paul Biggs
Supervisory Petroleum Engineer

Enclosures

MAY 10 1974

O & G CONS. COMM.

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Gil and Gas Conservation Commission

STATE OF ARIZONA

4515 NORTH 7TH AVE. PHOENIX, ARIZONA 85013 PHONE: (602) 271-5161

October 15, 1973

2022

Mr. E. M. Scholl Monsanto Company 101 North Marienfeld Midland, Texas 79701

Re: Monsanto Navajo Tract 138-1 NE/NE Sec 11-T40N-R28E

Apache County
Permit No 77

Monsanto Navajo Tract 138-2 SW/NW Sec 12-T40N-R2SE Apache County Permit No. 106

Monsanto Navajo #138-3 SW/SE Sec 2-T40N-R28E Apache County Permit No. 115

Dear Mr. Scholl:

The Gas-Oil Ratio Test that is due on the above referenced wells for September of 1973 has not been received.

Please submit the results of the test on Form 5 as quickly as possible.

Very truly yours,

W. E. Allen, Director Enforcement Section

Mrs. Rhema Brandt Sec to W. E. Allen

/rlb

Enc.

September 18, 1973

Mr. E. M. Scholl Monsanto Company 101 North Marienfeld Midland, Texas 79701

Dear Mr. Scholl:

Will you please supply this Commission with any information that you might have regarding the recoverable reserves in the Dry Mesa Field for your Navajo #138-1 (77), Navajo #138-2 (106), and Navajo #138-3 (115)?

This information will be considered confidential if you so desire.

Thank you for your cooperation.

Very truly yours,

W. E. Allen, Director Enforcement Section

WEA/rlb

December 27, 1972

Mr. Donnie E. Brown District Engineer Monsanto Company 101 North Marienfeld Midland, Texas 79701

Re: Monsanto Navajo Tract 138-1 NE/NE Sec 11-T40N-R28E Apache County Permit No. 77 Monsanto Navajo Tract 138-2 SW/NW Sec 12-T40N-R28E Apache County Permit No. 106

Monsanto Navajo Tract 138-3 SW/SE Sec 2-T40N-R28E Apache County Permit No. 115

Dear Mr. Brown:

The Gas-Oil Ratio Test that is due on the above referenced wells for September of 1972 has not been received. Please submit the results of the test on Form 5 as quickly as possible.

Very truly yours,

W. E. Allen, Director Enforcement Section

WEA/rlb

address corresp. to E.M. Scholl, not Donnie E. BROWN

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X-Chrono X-Lambert

July 7, 1969

Mr. Claude Cobb The Permian Corporation 1509 West Wall P. O. Box 3119 Midland, Texas 79701

Re: Monsanto Company 138-3
T40N, R28E, G & SRM
Sec. 2: SW/4 SE/4
Apache County
Permit #115 X
(Texas Pacific Navajo 138-3)

Monsanto Company 138-1 T40N, R28E, G & SRM Sec. 11: NE/4 NE/4 Apache County Permit #77 (Texas Pacific Navajo 1)

Dear Mr. Comb:

Monsanto Company reports that they delivered you 2897 barrels oil from the captioned wells per their Monthly Producers Report for May, 1969. Your Transporters and Storers Monthly Report indicates that you received 2956 barrels oil from the referenced wells. Please confirm the accuracy of your report or issue a corrected report should need be indicated.

Yours truly,

James A. Lambert Administrative Assistant

JAL:jf

X-Chrono X-Lambret

June 24, 1969

Miss Betsy L. Smith Monsanto Company Suite 110% Lincoln Tower 1880 Lincoln Street Denver, Colorado 80303

Re: Texas Pacific 138-1 Mavajo T40M, R28E, G & SRM Sec. 11: NE/4 NE/4 Apache County Permit #77

> Texas Pacific 138-3 Navajo T40H, R28E, G & SRM Sec. 2: SW/4 SE/4 Apache County Permit #115 X

> > A THE PARTY OF

Texas Pacific 138-2 Navajo T40N, R28E, G & SEM Sec. 12: SW/4 HW/4 Apache County Permit #106 X

Moneanto #1 Mavajo 717 T39N, R39E, G & SRM Sec. 1: SE/4 SE/4 Apache County Permit #503

Dear Miss Smith:

Enclosed is an approved copy of your state-wide Performance Bond No. 3,286,165. This bond now covers the captioned wells and will cover any future wells you may drill. Thank you for your cooperation.

Yours truly.

James A. Lambert Administrative Assistant

ji Enc.

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Monsanto

__ HYDROCARBONS & POLYMERS DIVISION

Monsanto Company Suite 1102 Lincoln Tower 1880 Lincoln Street Denver, Colorado 80203 (303) AComa 2-5841

June 19, 1969

Mr. James A. Lambert Oil and Gas Conservation Commission State of Arizona Room 202 1624 West Adams Phoenix, Arizona 85007

138-1

Re: Texas Pacific #198 2 Navajo SW: NW Section 12-40N-28E Apache Courty Permit #106

Dear Mr. Lambert:

Pursuant to our previous correspondence we are enclosing copies of designation of operator forms from Joseph E. Seagram & Sons, Inc. and Sun Oil Company which were executed at the time our company assumed operation of the Navajo lease on which the above well is located.

We have not yet received the \$25,000 drilling bond but anticipate its arrival from our insurance department within the next few days.

Very truly yours,

MONSANTO COMPANY

(Miss) Betsy L. Smith

BLS:glr Enclosures

106 (53)115

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X-Chrono X-Lambert

May 26, 1969

Mr. J. Murphy, Jr. Monsanto Company Suite 1102 Lincoln Tower 1860 Lincoln Street Denver, Colorado 80203

Re: Monsanto Company 138-3 T40N, R28E, G & SRM Sec. 2: 5W/4 SE/4 Apache County Texas Pacific Navajo 138-3 Permit (115) X

a- ed 6/2/69

Mr. Rod Fulsom The Permian Corporation 1509 West Wall p. O. Box 3119 Midland, Texas 79701

Monsanto Company 138-1 T40N, R28E, G & SRM Sec. 11: NE/4 NE/4 Apache County Texas Pacific Navajo 1 Permit(#77)

Gentlemen:

Enclosed are copies of the Monthly Producers Report for April and a copy of the Transporter's Report for April. We note a discr in these reports. In prior months they have been almost exact. Please let us hear your comments.

a. and eluled

Yours truly,

James A. Lambert Administrative Assistant

JAL:jf

Enc.

A. L. Ambeet

Y. L. Ambeet

Y. Chaono

May 22, 1969

Mr. J. Murphy, Jr. Monsanto Company Suite 1102 Lincoln Tower 1860 Lincoln Street Denver, Colorado 80203

Texas Pacific Oil Company Navajo #138-2
T40N, R28E; G & SEM
Sec. 12: SW/4 NW/4
Apache County
Permit #108) X

Dear Mr. Murphy:

The captioned well is covered by a blanket bond wherein the Joseph'E. Seagram & Sons, Incorporated, are Principal, and the Travelers Indemnity Company is Surety. We have correspondence indicating that the Texas Pacific Oil Company is covered by this bond. We need a completed form, Designation of Operator, naming Monsanto as operator. We need a statement, Consent of Surety, between the Principal and the Surety covering Monsanto's operations of the lease (Navajo #138).

Our most recent Organization Report concerning the Monsauto Company is dated April, 1965. Please furnish us a current report.

Enclosed are Applications For Permit To Re-Enter. Please complete these forms. On approval of this Application To Re-Enter, you will become subject to Rule 105-D as amended by Commission Order No. 32 effective May 15, 1968, which states (we enclose a copy of the amended Rules and Regulations for your convenience).

CHEST DATE OF THE OWNER OWNER OF THE OWNER O

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Page 2 Mr. J. Murphy, Jr. May 22, 1969

Our cursory appraisal of the situation indicates that it will be very easy for you to fulfill this Order No. 32 as there should be no apparent objection to this unorthodox location for a gas well from a nearby operator.

At such time as you wish to re-complete the #138-1 or the #138-3, you should follow the same general procedure. At the present time these two wells are classified as oil wells.

Yours truly,

James A. Lambert Administrative Assistant

JAL:jf

Enc.

p. 3. The \$25 filing fee is kat required with the Permit To Re-Enter.

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Monsanto

HYDROCARBONS & POLYMERS DIVISION

Monsanto Company Suite 1102 Lincoln Tower 1860 Lincoln Street Denver, Colorado 80203 (303) AComa 2-5641

May 21, 1959

Oil & Gas Conservation Commission State of Arizona 1524 West Adams - Room 202 Phoenix, Arizona 85007

Attention: Mr. John Bennister

Executive Secretary

Re: Recomplete
Monsanto Navajo 138-2
GH HM Sec. 12, T40H, R28E
Dry Mesa Field
Apache County, Arixona

Gentlemen:

Monsanto Company respectfully requests permission to recomplate and nest the Faradox same from 5053'-90' in the Mawajo 133-2 located 1980' Filb and 550' FIL. Sec. 13, T40N, R23E.

This well was temporarily abundaned in 1902 as an uneconomical Mississippian well. Proposed recompletion is to set a bridge plug above the Mississippian perforations and perforate the Paradox zone. Tests will be conducted to determine gas reserves and flow rates. During this test period, gas will be flared. After the test period gas will be used as loase fuel for the remaining two wells. If reserves are sufficient, attempts will be made to find a market for this gas.

Before commencing this test, we would like to obtain supercyal for Natugo 138-2 as a permitted was well. Please advise if this exception to File 105 can be administratively granted. If not, please accept this letter as our application for hearing. Attached is a plat of the area.

At a later date, it may be necessary to dually complete wells No. 1 2 3, if reserves warrant. Monsanto Company would also request, at this time, that these wells be permitted gas well locations with 640 acres dedicated to each well.

TE STATE OF THE ST

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The second

Oll & Gas Conservation Commission State of Arlzona Page 0 May 21, 1969

Attached is a Form 9, which we are submitting to the USSs. Please send us a supply of Form 25.

Very truly yours,

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HOHSANTO COMPANY

J. Kurphy, Jr.

JM:rp

Attachments

ce: Attn: Mr. F. T. McGrath U.S. Goological Survey P. O. Box 959 Familiation, New Mexico

X-LAMbert X-Chrono

April 17, 1969

Mr. Rod Fulsom
The Permian Corporation
1509 West Wall
P. O. Box 3119
Midland, Texas 79701

Re: Monsanto Company 138-3
T40N, R28E, G & SRM
Sec. 2: 3W/4 3E/4
Apache County, Arizona
Texas Pacific Navajo 138-3
Permit #115

Monsanto Company 138-1 T40N, R28E, G & SRM Sec. 11: NE/4 NE/4 Apache County, Arizona Permit #77 Texas Pacific Navajo 1

Dear Mr. Fulsom:

Enclosed is a copy of your Transporter's Report covering the month of December, 1968. Enclosed also is a copy of a letter we received from Monsanto.

Please review this situation and submit a corrected Transporter's Report for December, 1968, should the facts indicate that the report you submitted be in error.

Yours truly,

" Red 4/33/69

James A. Lambert Administrative Assistant

JAL:j1

Enc.

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Monsanto

HYDROCARBONS & POLYMERS DIVISION

Monsanto Company Suite 1102 Lincoln Tower 1860 Lincoln Street Denver, Colorado 80203 (303) AComa 2-5641

April 1, 1969

Oil & Gas Conservation Commission State of Arizona 1624 West Adams Phoenix, Arizona 85007

Attention: Mr. James A. Lambert

Re: Monsanto Company 138-1 &138-3 Permit No. 77 & 115 Apache County, Arizona

Gentlemen:

In response to your letter of March 25, 1969, concerning discrepancies in producers and transporters reports on above properties for months of December 1968, and February 1969, please be advised we have rechecked our reports and have determined the following.

December 1968, according to data available to us, is correct as reported on the producers report. A schedule is attached listing all runs we have on record by date, ticket no., tank no., and volume of run.

February 1969, producers report is in error as a result of transposing numbers. A corrected report is being resubmitted which concurs with runs as recorded by transporter.

By carbon copy of this letter and schedule of December 1968 and February 1969 runs, the Permian Corporation is being requested to coordinate their data with ours and advise us of any existing discrepancies.

Very truly yours,

MONSANTO COMPANY

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1 cod 169

JM:rp

The Permian Corporation P. O. Box 3119 Midland, Texas 79701

MONSAN'TO COMPANY

RUN TICKETS FOR DECEMBER AND FEBRUARY

DRY MESA NAVAJO TRACT # 138

December	Ticket number	Tank number	est. barrels *	÷
1				
10	800907	2920	220.99	
10	800909	2921	221.37	
10	800908 4	8333	220.66	
10	801938	2923	222.23	
. 24	800910	8332	221.20	
24	801939	2922	220.84	
26	800912	8334	221.01	
26	800911	. 8333	220.97	
27	800913	2921	217.45	ĵ
			1986.72 44	
February			220 (20)	
ó	801942	2922	220.58	
7	801853	8333	221.04	
7	801854	8332	221.26	
7	801855	2921	221.02	
17	801856	2920	220.43,	
17	801859	8334	220.78	
18	801857	2921	220.36	
20	800925	2923	220.39	
20	801858	8332	220.70	
27	801864	8333	220.06 *	
27	801866	2921	220.14 *	
27	801865	2920	219.70 *	
28	801863	2922	220.10 *	
		1311	2866.56 Total	41

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THE PERMIAN CORPORATION

1509 W. WALL P. O. BOX 3119 MIDLAND, TEXAS 79701

915-683-4711

March 28, 1969

Mr. James A. Lambert Administrative Assistant Oil and Gas Conservation Commission State of Arizona 1624 West Adams Phoenix, Arizona 85007

Dear Sir:

Please refer to your letter dated March 25, 1969, concerning purchases and sales from Monsanto Company's Texas Pacific Navajo 138-3, Permit No. 115 and Texas Pacific Navajo 1, Permit No. 77. We have rechecked the source of our figures reported on these two leases and can find no reason for altering reports submitted.

By copy of this letter we are asking Monsanto Company to advise us how they arrived at their figures, should they find that their figures are correct according to their run tickets.

Very truly yours,

THE PERMIAN CORPORATION

Rod Fulsom Proration Supervisor

RF/pl

cc: Monsanto Company
Suite 1102 Lincoln Tower Building
Denver, Colorado 80203



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X-Chrono Log X-Lambert Log

March 25, 1969

Monsanto Company Suite 1102 Lincoln Tower Building Denver, Colorado 80203

The Permian Corporation P. O. Box 3119 Midland, Texas 79701

Re: Monsanto Company 198-3
T40N, R28U, G & SRM
Sec. 2: JW/4 SE/4
Apache County, Arizona
Texas Pacific Mavajo 188-3
Permit (#115) x

Monsanto Company 138-1 T40N, R28E, G & 3RM Sec. 11: HE/4 NE/4 Apache County, Arizona Texas Pressic Navajo 1 Permit (77)

Gentlemen:

Enclosed are copies of the Bonthly Producers Reports for December and February and a copy of the Transportor's Report for December and February. We note a discrepancy in these reports. In prior months they have been almost exact. Please let us hear your comments.

Yours truly,

James A. Lambert Administrative Assistant

JAL:jf

Enc.

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Commence of the Commence of th

March 3, 1969

Monsanto Company Suite 1102 Lincoln Tower Building Denver, Colorado 80203

Re: Monsanto Company 138-5
T40N, R28E, G & SRM
Sec. 2: SW/4 SE/4
Apache County, Arizona
Permit #115

Monsanto Company 138-1 740%, R28E, G & SRM Sec. 11: NE/4 NE/4 Apache County, Arizona Permit #77

Gentlemen:

Re remind you that Rule 301 A, Paragraph 2, of our Rules and Regulations directs the operator to take a semi-annual Gas-Oil Ratio Test of each producing oil well. The next test should be taken in March, 1969, and reported to this office by April 10, 1969.

Enclosed are forms for your use.

Yours truly,

James A. Lambert Administrative Assistant

jf Enc.

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Operator Texas Pacific Oil Company Bond Company The Travelers Indemnity Company Amount \$10,000 Date Approved ____10-9-64_ Bond No. 1230121 Permits covered by this bond: 95 _106_ 116) SEE this file NENE 11-40 - 28

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KNOW ALL MEN BY THESE PRESENTS, TO BE TO BE THE SENTS OF

hat e:	Texas Pacific Coal and Oil Compan	y DATE	8-21-59
of the County of:_	Tarrant	in the _State of:_	Texas
as Principa	l, American Employers Insurance Comp	eny	
s.f	Boston, Massachusetts		zona,
sum as indi and truly t executors,	are held and firmly bound unticated, lawful money of the Ur to be made, we bind ourselves administrators or successors these presents.	nited States . and each o	f us, and each of our heirs,
	ion of this obligation is the drill a well or wells for or ne following described land s	ii. gas or s	scratificability barboses ru
	(May be used as blanket bond	or for sing	gle well)
	actional Sections 1 & 2, and all of	Sections 11 8	2 12. Twp. 40N. R-28E
	unty, Arizona.		
well or we records re produce of commercial	516, providing for the proper clls, and filing with the Statequired by said Commissioner, all or gas in commercial quantities, then this obligation in full force and effect	te Land Comm in the even ities, or ce ation is voi	t said well or wells do not ase to produce oil or gas in
Penal sum	ofTwenty Five Hundred Dollars		
Witness or	ur hands and seals, this 4t	h day o	of May, 1959
ATTEST;			CIFIC COAL AND OIL COMPANY
	Canuar BY:	Mya	Vice President
(3. 3	. Norman) Secretary	0	Principal
Witness o	ur hands and seals, this 4	th day	of May, 1959
		AMERICAN	EMPLOYERS INSURANCE COMPANY
	B Y:	Tied	Dr. Bant
	——————————————————————————————————————		Attorney in fact Surety
authorize or surety	orincipal is a corporation, the dofficers, with the seal of executes this bond by agent with accompany the bond.)	THE COTHUES	I TITL ALLIACO. HAVEN PARELL
Approved	May 11, 1959 Date 5 / C -)	TIVO STATE	ed III. Kaslew.
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CERTIFIED COPY OF OWER OF ATTORNEY

STATE OF Texas

COUNTY OF Dallas

I, the undersigned, Attorney-in-Fact of the AMERICAN EMPLOYERS' INSURANCE COMPANY, do hereby certify that I have compared the following Power of Attorney with the original thereof and that the following is a full, true and accurate copy of the original which is in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said Company on

C. Nall Attorney-in-Fact

KNOW ALL MEN BY THESE PRESENTS, that the AMERICAN EMPLOYERS' INSURANCE COM-PANY, a corporation duly organized and existing under the laws of the Commonwealth of Massachusetts, and having its principal office in the City of Boston, Mass., hath made, constituted and appointed, and does by these presents make and constitute and appoint

Fred M. Brants of Fort Worth, Texas

its true and lawful Attorney-in-Fact, with full power and authority hereby conferred in its name, place and stead, to sign, execute and acknowledge for and on its behalf as surety any and all bonds or undertakings required in amounts not exceeding hundred thousand dollars (\$100,000.)

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and to bind the AMERICAN EMPLOYERS' INSURANCE COMPANY thereby as fully and to the same extent as if such bonds were signed by the President, sealed with the common seal of the Company, and duly attested by its Secretary, hereby ratifying and confirming all the acts of said Attorney-in-Fact pursuant to the power herein given. This Power of Attorney is made and executed pursuant to and by authority of the following resolutions adopted by the Board of Directors of the AMERICAN EMPLOYERS' INSURANCE COMPANY at a meeting duly called and held on the Eighteenth day of October, 1937.

Resolved: That the President, or any Vice-President, may execute for and in behalf of the company any and all bonds, recognizances, contracts of indemnity, and all other writings obligatory in the nature thereof, the same to be attested when necessary and the seal of the company affixed thereto by the Secretary, or any Assistant Secretary; and that the President, or any Vice-President, may appoint and authorize an Attorney-in-Fact to execute on behalf of the company any and all such instruments and to affix the seal of the company thereto; and that the President, or any Vice-President, may at any time remove any such Attorney-in-Fact and revoke all power and authority given to any such Attorney-in-Fact.

Resolved: That Attorneys-in-Fact may be given full power and authority to execute for and in the name and on behalf of the company any and all bonds, recognizances, contracts of indemnity, and all other writings obligatory in the nature thereof, and any such instrument executed by any such Attorneys-in-Fact shall be as binding upon the company as if signed by the President and sealed and attested by the Secretary, and, further, Attorneys-in-Fact are hereby authorized to verify any affidavit required to be attached to bonds, recognizances, contracts of indemnity, and all other writings obligatory in the nature thereof, and are, also, authorized and empowered to certify to a copy of any of the by-laws of the company as well as any resolution of the Directors having to do with the execution of bonds, recognizances, contracts of indemnity, and all other writings obligatory in the nature thereof, or with regard to the powers of any of the officers of the company or of Attorneys-in-Fact.

IN WITNESS WHEREOF, the AMERICAN EMPLOYERS' INSURANCE COMPANY, has caused these presents to be signed by its

Vice- President and its corporate seal to be hereto affixed, duly attested by its Assistant Secretary on December 5, 1955

AMERICAN EMPLOYERS' INSURANCE COMPANY

(Seal)

Ø

By (Signed) L. F. Ballerene
Vice- President

Attest: (Signed) Joseph H. Johnson
Assistant Secretary

COMMONWEALTH OF MASSACHUSETTS 35.

On the date of the execution of the preceding instrument, before me personally came the above-named

Assistant Secretary of the AMERICAN EMPLOYERS' INSURANCE COMPANY, to me personally known to be the individuals and officers described in and who executed the preceding instrument, and they acknowledged the execution of the same, and being by me duly sworn, severally and each for himself deposeth and sayeth, that they are the said officers of the Company aforesaid, and that the seal affixed to the preceding instrument is the corporate seal of said Company and that the said corporate seal and their signatures as such officers were duly affixed and subscribed to the said instrument by the authority and direction of the said Company.

(Signed) Viola M. MacKean
Notary Public

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OFFICE OF

Oil and Gus Conservation Commission

STATE OF ARIZONA

1024 WEST ADAMS

Phoenix, Arizona 85007

PHONE: 271-5161

April 23, 1968

Monsanto Company 900 Patterson Building Denver, Colorado 80202

Re: D-2-67 of September 11, 1967 Gas-011 Ratio Test (Rule 301)

Gentlemen:

According to our records, the data indicated below has not been submitted as called for by our rules and regulations. You are urged to submit this data at once to bring this operation into compliance with the rules and regulations.

Well

416011**0129**

Data

Texas Pacific #1-138
NE NE 11-40N-28E Apache County
Permit 77

GOR due April 10, 1968

Texas Pacific #3-138 SW SW 2-40N-28E Apache County Permit 115

GOR due April 10, 1968

Very truly yours,

John Bannister Executive Secretary mr

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THE RESERVE OF THE PARTY OF THE

Monsanto

HYDROCARBONS & POLYMERS DIVISION

900 Patterson Building Denver, Colorado 80202 (303) ACome 2-5641

January 18, 1966

Arizona Oil & Gas Conservation Commission Room 202, 1624 West Adams Phoenix, Arizona 85007

Attention: Mr. John Bannister

Executive Secretary

Re: Texas Pacific Oil #138-1 Navajo well NE/4 NE/4 Sec. 11, T4ON, R28E, Apache County, Arizona. Your File 77.

Texas Pacific Oil #138-3 Navajo well SW/4 SE/4 Sec. 2, T4ON, R28E, Apache County, Arizona. Your File 115.

Gentlemen:

THE STREET

In reply to your letter of January 13, 1966, concerning disposition of oil from Navajo 138-1 and 138-3 wells in Apache County, Arizona, please be advised McWood Corporation is the authorized oil transporter. Mr. Byron Self of McWood Corporation's Abilene Office advised the transporters and storers monthly report has been filed monthly with the Arizona Commission through December, 1965. December reports shows 397 BO transported from the No. 1 well and 1773 BO from the No. 3 well.

If further information is required, please advise.

Very truly yours,

MONSANTO COMPANY

EMS: JT: PP STATE CONS.

CONS. COMM.

E. M. Schol

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January 13, 1966

Moneanto Company 900 Patterson Building Denver, Colorado 80202

Attention: Mr. J. Murphy, Jr.
District Production Superintendent

Re: Texas Pacific Oil #138-1 Nevajo well ME/4NE/4 11-40N-28E, Apache County, Arizona Our File 77

> Texas Pacific O11 #138-3 Mavajo well SW/48E/4 2-40M-28E, Apache County, Arisona Our File 115

Gentlemen:

In reviewing our records we note that, according to the Certificate of Compliance and Authorisation to Transport Oil or Gas from Lease on file with this Commission covering the oil produced from captioned wells, that Hewood Corporation is the authorized transporter. However, McWood Corporation is not reporting receipt of the product on their Transporters and Storers Monthly Report.

At your earliest convenience, would you please advise this Commission as to the disposition of the oil produced from these wells.

Very truly yours,

John Bennister Executive Secretary

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November 29, 1965

Texas Pacific 011 Company P.O. Box 747 Dallas Texas 75221

Attention: Mr. Raymond Church

Re: The Travelers Indemnity Company Bond 1307271

The Travelers Indemnity Company Bond 1230121

Gentlemen:

Enclosed is an approved copy of The Travelers Indemnity Company Bond 1307271.

Inasmuch as this above bond is now in full force and effect, this latter will constitute authority from this Commission to terminate The Travelers Indemnity Company Bond 1230121.

Your cooperation is very much appreciated.

Very truly yours,

John Bannister Executive Secretary mr enc

cc: The Travelers Indomnity Company 2200 N. Central Avenue Phoenix, Arizona 85004

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THE PARTY OF THE P

March 15, 1965

Texas Pacific Oil Company P.O. Box 747 Dallas, Texas 75221

Attention: Hr. N. Clayton Hay, Attorney

Gentlemen:

Our files reflect that Texas Pacific Coal & Oil Company was liquidated effective November 1, 1963, and the assets were purchased by Texas Pacific Oil Company, an operating division of Joseph E. Seagram & Sons, Inc.

In order that our well records be accurate and current, in accordance with Arizona Statutes, it is requested that the enclosed form, Organization Report, be completed and returned to this office.

Thank you very much for your cooperation.

Yours very truly,

John Bannister Executive Secretary

mr

Files: (7)-95-106-115-116

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deteber \$, 1964

Toxas Facific Gil Company 1.0. Sox 747 Dallas, Young 75221

Attention: Mr. E. Clayton May

Re: Oll and Gas Sond So. ST 281101

Sontlemen:

He are in receipt of your letter of Schober 8. 1964 whereby Travelers ludempity Company's Bond 1230121 was enclosed and by to replace the captioned bond.

This lotter will constitute authority to consul Bondata 261201.

To approclate your emperation in this metter, and if we may be of further service. please edvice.

Yours vary traly,

john hunnister Zuccutive foczetery

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FRE MARKET STORMAN

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one: 2 approved copies Form 1. Bond

ec to File 77, 95, 106, 115, 116

Travelors Indensity Company's Bond 1230121 is issued to the Principal, Joseph E. Seagrem & Sons, Inc. Toxas Pacific Oli Company is a subsidiery of Scagram and their wells are covered by this bond. This bond replaces ST-251201 which was issued to Toxas Pacific Coal and flax Oli Company. This latter company is new consolidated into Toxas Pacific Company.

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TEXAS PACIFIC OIL COMPANY

October 8, 1964

RIVERSIDE 0-5035

was and a

2700 FIDELITY UNION TOWER BLDG.

Oil and Gas Conservation Commission State of Arizona 1624 West Adams Phoenix, Arizona 85007

Attn: Mr. John Bannister Executive Secretary

> Re: Oil and Gas Bond No. SY-281201 Replacement Bond No. 1230121

Gentlemen:

Reference is made to your letter dated August 26, 1964, concerning the release of Bond No. SY-281201 now in effect under the name of Texas Pacific Coal and Oil Company.

We are enclosing herewith in triplicate, the Travelers Indemnity Company's Bond No. 1230121 in the amount of \$10,000.00 covering, as principal, Joseph E. Seagram & Sons, Inc., whose operating division is Texas Pacific Oil Company. It is our understanding that you will now be in a position to release Bond No. SY-281201, as requested by Texas Pacific Coal and Oil Company.

Your cooperation in this matter will be sincerely appreciated.

Very truly yours,

H. Clayton May Attorney

HCM:sp

encl.

A STATE OF THE STA

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cc: Mr. C. W. Dodgen, Jr. Mr. Ray Mitchell

Mr. Jess Norman

% Texas Pacific Coal and Oil Company

Fort Worth Office

#(77) 95,106,115,116

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WEST STREET, S

September 17, 1964

The Employers' Group of Insurance Companies 212 H. St. Paul Dallas 1, Toxas

Attention: Nr. Bruce Berris, Bond Department

Ra: SY-281201 Texas Pacific Coal and Oil Co. \$10,000 Blanket Bond

Gentlement

In raply to your latter of September 14, 1964 concerning the captioned bond please be advised that this office has not yet received a bond on behalf of Texas Pacific Oil Company and consequently the bond in question cannot be released at this time.

Yours very truly,

John Samister Executive Secretary

Permit 177

The Employers' Group

OF INSURANCE COMPANIES

SOUTHWESTERN BRANCH SIDNEY J. GIBSON, MANAGER 212 N. ST. PAUL. BALLAS 1, TEXAS The EMPLOYERS' LIABILITY Awarance Composation, Id.

AMERICAN EMPLOYERS' Insurance Company

The EMPLOYERS' FIRE Insurance Company

The NORTHERN Assurance Company of America

The EMPLOYERS' LIFE Insurance Company of America

State Land Commissioner State of Arizona Phoenix, Arizona

September 14, 1964

RE: SY-281201 - TEXAS PACIFIC COAL & OIL COMPANY \$10,000.00 BLANKET OIL & GAS LEASE BOND COVERING ALL LANDS LEASED TO PRINCIPAL WITHIN THE STATE OF ARIZONA

Gentlemen:

Your records will reflect that we are the Surety on the captioned bond executed on or about August 10, 1959. The Texas Pacific Coal & Oil Company has requested that we cancel this bond inasmuch as the company was liquidated effective November 1, 1963, and the assets purchased by a company under the trade file of Texas Pacific Oil Company.

We understand that Texas Pacific Oil Company must furnish a substitute bond before the captioned bond may be released. We have been advised by the company that a bond application was prepared and forwarded for filing on August 31, 1964.

If the substitute bond has been filed and approved, we would like to close our file and would appreciate your sending direct to this office a letter of release giving us the date our liability may be terminated.

Thank you in advance for your assistance in this matter.

Yours very truly,

Bruce Harris Bond Department

BH: jm

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The EMPLOYERS' GROUP MAN IN THE MEN

STATE OF COMM

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August 26, 1964

VIA AIR HAIL

Mr. Miles Hart Texas Pacific Oil Company P. O. Box 2110 Fort Worth, Texas

Dear Mr. Hart:

Enclosed are the bond forms you requested in telephone conversation today with this office.

Upon receipt of proper bond showing your company as principal, this Commission will then be in a position to release Bond No. SY-281201 now in effect under the name of Texas Pacific Coal & Oil Company covering the following wells:

Havajo Tribal 138-1 Permit He. 77

Havajo Tribal 138-2 Permit Ho. 106

Havajo Tribal 138-4 Permit Ho. 115

Havajo Tribal 190-1 Permit Ho. 95

We appreciate your prompt cooperation.

Very truly yours,

John Bennister Executive Secretary

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File: (77

106

115 116 95

Bond File

The state of the s

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August 20, 1964

The Employers' Group of Insurance Companies 212 H. St. Paul Dellas 1, Texas

Attn: Nies C. Hall, Bond Department

He: Texas Pacific Coal & Oil Co. \$10,000 blanket bond SY 281201

Contlemen:

We are in receipt of your letter of August 17, 1964 requesting release of the captioned bond.

Please be advised that this bond may not be released at this time insecurch as this bend does cover producing wells.

At such time as Texas Pacific Oil Company, which you advise is to be successor to Texas Pacific Coal and Oil Co., furnishes us with a substitude bond, then may the captioned bond be released.

Currently the below listed wells are covered by the bend in question:

Mevaje Tribal	138-1	Permit 77
Maveje Tribel	130-2	106
Mavajo Tribal	138-3	115
Mevajo Tribal	138-4	116
Mayaje Tribal	190-1	95

If we may be of any further help, please savise.

Yours very truly,

John Bennister Bencutive Secretary

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ca: Temes Facific Coal and Oil Co. 7.0. Best 2110 Fort Worth 1, Texas

Company of the same

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The Comployers Group, or insurance commenter.

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STATE O & G

CONS. COMM

SOUTHWESTERN BRANCH; WIDNEY J. GISSON, MANAGER 218 N. SP. PAUL, DALLES J. TEKAN and property of the state of th

State Land Commissioner State of Arthona Phoenix, Arthona

August 17, 1964

RE: SY-281201 - TEXAS PACIFIC COAL & OIL COMPANY \$10,000.00 BLANKET OIL & GAS LEASE BOND COVERING ALL LANDS LEASED TO PRINCIPAL WITHING THE STATE OF ARIZONA

Gentleben:

Your records will reflect that we are the Sarety immediate the captioned bond executed effective on or blook August 40, 1999. The Teles Micific Coal & Oil Contany have requested that we cancel this bond inablach as the company was liquidated effective November 1, 1963, and the company purchasing the assets is known as Teless Pacific Oil Company.

Such being the case, we would like to close our file and would himitelete your sending direct to this office a letter of release giving do the date our limitity has be terminated.

Thank you in wavenide for your kind assistance in this smitter.

Fould Will trails

Webs C. Wals

Ch: No cc: The Manta Company fort Worth, Team



February 15, 1961

Mr. W. E. Bissett Executive Secretary State Tax Commission Capitol Building Phoenix 7, Arizona

Dear Mr. Bissett:

Enclosed are monthly producers reports for the month of January 1961 for the following:

Texas Pacific Coal & Oil Co., Navajo Tract 138, Dry Mesa Field, Apache County, Arizona;

Texaco Inc., Navajo Tribe "Z", field undesignated, Apache County;

Humble Oil & Refining Co., Navajo Tribe of Indians "E", East Boundary Butte, Apache County, Arizona.

Yours very truly,

D. A. Jerome Executive Secretary

Encs. (3)

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A CONTRACTOR OF THE PROPERTY OF THE PARTY OF

January 16, 1961

Mr. W. E. Bissett Executive Secretary State Tax Commission Capitol Building Phoenix 7, Arizona

Dear Sir:

Enclosed are the mouthly producers reports for the following:

Texas Pacific Coal & Oil Company, Navago Tract 138, Dry Mesa Field, Apache County;

Humble Oil & Refining Company, Mavajo Tribe of Indians "E", East Boundary Butte, Apache County;

Texaco Inc., Navajo Tribe "%", field undesignated, Apache County.

Yours very truly,

D. A. Jerome Executive Secretary

EV Exclosures: Monthly producers reports (8)

IJ

December 16, 1960

Mr. W. R. Bissett Executive Secretary State Tax Commission Capitol Building Phoenix 7, Arizona

Dear Mr. Bissett:

Enclosed are monthly producer's reports for the following:

Texas Pacific Coal & Oil Co.; Navajo Tract 138, Dry Mesa Field, Apache County, Arizona

Texaco Inc.; Navajo Tribe "Z" Apache County, Arizona

Humble Oil & Refining Co.; Navajo Tribe of Indians "g"; Apache County, Arizona.

Each of these enclosed reports is for the month of November 1968.

Yours very truly

D. A. Jerome Executive Secretary

By W. F. Maule Petroleum Engineer

ew Enclosures (3)

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December 2, 1960

Texas Pacific Coal & Oil Co. 1110 Mile High Center 1700 Broadway Denver 2, Colorado

Attention: Mr. G. E. Jacober

Dear Mr. Jacober:

We have received the Induction-Electrical log and the MicroLog on the Texas Pacific #4 Navajo 138, 11-40M-28E, Apache County, well, which you mailed to the State Land Commissioner on November 29, 1960.

Thank you.

Very truly yours,

D. A. Jerome Executive Secretary

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THE RESERVE OF THE PARTY OF THE

TEXAS PACIFIC COALAND DIL COMPANY

GENERAL OFFICES
FORT WORTH 1
TEXAS

November 29, 1960

PLEASE AUDRESS REPLY TO COMPANY AT 1110 MILE HIGH CENTER 1700 BROADWAY DENVER 2, COLORADO

State Land Commissioner Arizona State Land Department Phoenix, Arizona

> Re: Texas Pacific #4 Navajo 138 11-40N-28E, Apache County, Arizona

Dear Sir:

Enclosed for your files are the Induction-Electrical log and the MicroLog on the above well.

Very truly yours,

TEXAS PACIFIC COAL AND OIL COMPANY

G. E. Jacober

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A CONTRACTOR OF THE PARTY OF TH

November 9, 1960

Mr. W. E. Bissett Executive Secretary State Tax Commission Capitol Building Phoenix, Arizona

Dear Mr. Bissett:

Enclosed is the Monthly Producers Report for Texas Pacific Coal & Oil Company, Navajo Tract 138, Dry Mesa Field, Apache County, Arizona, for the month of October 1960.

Yours very truly,

D. A. JEROME Executive Secretary

W. F. MAULE Petroleum Engineer

WFM/ew Enclosure

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A Company of the Comp

October 7th, 1960

Mr. W. E. Bissett Executive Secretary State Tax Commission Capitol Building Phoenix, Arizona

Dear Mr. Bissett:

Enclosed is the Monthly Producers Report for September 1960 in re: Texas Pacific Coal & Oil Co., Dry Mesa Field, Apache County, Navajo Tract 138.

Yours very truly,

D. A. Jerome Executive Secretary

EW Enc.

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Meptember 9, 1960

Mr. W. E. Bissett
Executive Secretary
State Tax Commission
Capitol Building
Phoenix, Arizona

Dear Mr. Bissett:

Attached herewith is the monthly producers report for the month of August 1960, on the following well:

TEXAS PACIFIC COAL & OIL COMPANY; NAVAJO TRACT 138 - DRY MESA FIELD; APACHE COUNTY, ARIZONA.

Yours very truly,

W. F. Maule Petroleum Engineer

WFM/ew Enclosure

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Committee and the committee of the commi

August 8, 1960

Mr. W. E. Bissett Executive Secretary State Tax Commission Capitol Building Phoenix, Arizona

Dear Mr. Bissett:

Attached herewith is the monthly producers report for the month of July 1960, on the following well:

TEXAS PACIFIC COAL & OIL COMPANY; NAVAJO TRACT 138 - DRY MESA FIELDE APACHE COUNTY, ARIZONA.

Yours very truly,

W. F. Maule Petroleum Engineer

WFM/ew Enclosure

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With the state of

July 14, 1960

Mr. W. E. Daniels Texas Pacific Coal & Oil Co. Box 2110 Fort Worth, Texas

Dear Mr. Daniels:

Enclosed are three copies of Form 51, A Notice of Intention to Drill New Well.

Please be advised that these forms are under the 1951-52 Rules.

Yours very truly,

W. F. Maule Petroleum Engineer

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A CONTRACTOR AND AND AND AND

July 7, 1960

Mr. W. E. Bissett Executive Secretary State Tax Commission Capitol Building Phoenix, Arizona

Re: Texas Pacific Coal & Oil Co. Navajo Tract 138-Dry Mesa Field Apache County, Arizona

Dear Mr. Bissett:

Attached is the Monthly Producer's Report for the above for the month of June 1960.

Yours very truly,

W. F. Maule Petroleum Engineer

WFM/ew Enc.

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June 6, 1960

Mr. W. E. Bissett Executive Secretary State Tax Commission Capitol Building Phoenix, Arizona

> Re: Texas Pacific Coal & Oil Co. Navajo Tract 138-Dry Mesa Field-Apache Cty., Ariz., May 1960 Monthly Producer's Report

Dear Mr. Bissett:

Attached herewith is the above report for the month of May, 1960.

Yours very truly,

W. F. Maule Petroleum Engineer

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May 9, 1960

Mr. W. E. Bissett Executive Secretary State Tax Commission Capitol Building Phoenix, Arizona

> Re: Texas Pacific Coal & Oil Co. Navajo Tract 138-Dry Mesa Field-Apache Cty., Ariz., April 1960 Monthly Producer's Report

Dear Mr. Bissett:

Attached herewith is the above report for the month of April, 1960.

Yours very truly,

W. F. Maule Petroleum Engineer

WFM:gk Enc.

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April 7, 1960

Anthony T. Deddens Member

> Mr. W. E. Bissett, Executive Secretary STATE TAX COMMISSION Capitol Building Phoenix, Arizona

> > RE: Texas Pacific Coal & Oil Co. Navajo Tract 138-Dry Mesa Field-Apache Cty., Ariz., Karch, 1960 Monthly Producer's Report

Dear Mr. Bissett:

Attached herewith, is the above report, for the month of March, 1960.

Yours very truly,

W. F. Maule, Petroleum Engineer

WFM:mmr

Enclosure:

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March 31, 1960

Anthony T. Deddens

Mr. W. E. Bissett, Executive Secretary STATE TAX COMMISSION Capitol Building Phoenix, Arizona

> RE: Texas Pacific Coal & Oil Company Navajo Tract 138-Dry Nesa Field-Apache County, Arizona February, 1960-Monthly Producer's Report:

Dear Mr. Bissett:

Attached herewith, is the above named report, for the month of February, 1960, received in this office a few days ago.

We are forwarding this report to you, for your records, in accordance with previous correspondence.

Yours very truly,

D. A. Jerome, Executive Secretary

DAJ:mmr

Enclosure:

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Form latter sent February 25, 1960, by instructions of Petroleum Engineer, W. F. Maule

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February 11, 1960

Mr. W. E. Bissett, Executive Secretary STATE OF ARIZONA TAX COMMISSION Capitol Building Phoenix, Arizona

RE: Texas Pacific Coal & Oil Co. Fort Worth, Texas Navajo Tract #138

Dear Mr. Bissett:

We are enclosing herewith, a copy of the December, 1959 and January, 1960 Wonthly Producer's Report, for the above named Company.

If we can be of assistance at any time, kindly advise.

Yours very truly,

William F. Maule, Petroleum Engineer

WFM: gg

Enclosure:

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December 10, 1959

Mr. W. E. Bissett, Executive Secretary STATE OF ARIZONA TAX COMMISSION Capitol Building Phoenix, Arizona

> RE: Texas Pacific Coal & Oil Co. Fort Worth, Texas Navajo Tract #138

Dear Mr. Bissett:

We are enclosing herewith, a copy of the November, 1959 Monthly Producer's Report, for the above named company.

If we can be of assistance at any time, kindly advise.

Yours very truly,

William F. Maule, Petroleum Engineer - Geologist

WFM:mmr

Enclosure:

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November 9, 1959

Mr. W. E. Bissett, Executive Secretary
Tax Commission
Capitol Building
Phoenix, Arizona

RE: Texas Pacific Coal & Oil Company - Fort Worth, Texas Navajo Tract 138

Dear Mr. Bissett:

We are enclosing herewith, a copy of the October, 1959 Monthly Producer's Report, for the above named company.

We are addressing this Report to you, in accordance with our recent conversation.

Yours very truly,

D. A. Jerome, Executive Secretary

DAJ:mmr

Enclosure

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A CONTRACT OF THE PROPERTY OF THE PARTY OF T

October 13, 1959

Honorable William E. Stanford, Chairman Tax Commission Capitol Building Phoenix, Arizona

> Re: Texas Pacific Coal & Oil Company; Fort Worth, Texas

Dear Mr. Stanford:

We are enclosing herewith, a copy of the September, 1959 Monthly Producer's Report for the above company.

Yours very truly,

D. A. Jerome Executive Secretary

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September 17, 1959

Mr. W. E. Daniels, Chief Clerk Texas Pacific Coal and Oil Company P.O. Box 2110 Fort Worth 1, Texas

Dear Mr. Daniels:

In compliance with our telephone conversation of today, we are enclosing the forms you requested.

If we can be of further service, please feel free to call on us.

Yours very truly,

D. A. Jerome Executive Secretary

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September 16, 1959

Honorable William E. Stanford Chairman, Tax Commission Capitol Building Phoenix, Arizona

Dear Mr. Stanford:

The Texas and Pacific Coal and Oil Company, P.O. Box 2110, Fort Worth 1, Texas, has filed with us a report of their production for the month of August. We are herewith enclosing one copy of said report which reflects that they disposed of 2525 barrels of oil during the month of August and had on hand in the tanks 777 barrels.

Unless you advise us to the contrary, we should like to advise you each month of any production in the State of Arizona, whether it is oil, gas or helium to the end that if the same is taxable by your department that you will be fully appraised of the monthly production.

Yours very truly,

D. A. Jerome Executive Secretary

Encl. 1 blind copy: John McGowan

DAJ/jds

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CHECK CONTRACTOR OF THE PARTY O

September 15, 1959

Mr. W. E. Daniels, Chief Clerk Texas Pacific Coal and Oil Company General Offices P.O. Box 2110 Fort Worth 1, Texas

Dear Mr. Daniels:

On August 7, 1959 you wrote to the State Land Department requesting forms to be mailed to you.

We do not find that you received these forms but in order to avoid duplication if you would advise us if you still need the forms from the Oil and Gas Conservation Commission, kindly tell us and we shall promptly forward them to you. I thank you.

Yours very truly,

D. A. Jerone Executive Secretary

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September 15, 1959

Mr. J. Bulfamonte, Bond Department The Employers' Group of Insurance Companies Wilson Building Dallas, Texas

Re: Your letter of September 4, 1959 about Texas Pacific Coal & Oil Company bond

Dear Mr. Bulfamonte:

Thank you for being so patient with us; since we are undergoing organizational changes we have been somewhat delayed in answering.

You may cancel the oil well drilling bond other than the blanket bond, and the date of termination of your liability under this bond is August 21, 1959.

If we can be of further assistance, kindly advise us.

Yours very truly,

D. A. Jerome Executive Secretary

cc: Mona Boling The Brants Co. Fort Worth, Texas

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The Employers' Group 000110 of Insurance companies

SOUTHWESTERN BRANCH SIDNEY J. GIBSON, MARAGER WILSON BUILDING, DALLAS, TEXAS

State Land Commissioner State of Arizona Phoenix, Arizona The HALIFAX Insurance Confidence III

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September 4, 1959

RE: EFFECTIVE 5-4-59 OIL WELL DRILLING BOND FOR TEXAS PACIFIC GOAL & OIL COMPANY - ALL OF FRACTIONAL SECTIONS 1 & 2, AND ALL OF SECTIONS 11 & 12. TWP. 40N. R-28E., APACHE COUNTY, ARIZONA EFFECTIVE 8-10-59 TEXAS PACIFIC COAL AND OIL COMPANY BLANKET OIL & GAS LEASE FOR ALL LANDS LEASED TO PRINCIPAL WITHIN THE STATE OF ARIZONA

Dear Sir:

In checking our records we have found that the above captioned Oil Well Drilling Bond can be covered under the above captioned Blanket Oil and Gas Lease Bond. Since this is the case, we would like to cancel the Oil Well Drilling Bond and to do so we will need the date our liability under this bond is to be terminated.

We will appreciate your furnishing us with this information as it will enable us to bring our files up to date.

Thank you in advance for your assistance.

Yours very truly,

J. Bulfamonte Bond Department

JB:rj C.C. Mona Baling The Brants Co It Worth, Jefas

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August 24, 1959

Texas Pacific Coal and Oil Company P. O. Box 2110 Fort Worth, Texas

Attention: D. A. Bonney, Kanager of Production

Dear Mr. Honney:

Transmitted herewith is your approved copy of Certificate of Compliance and Authorization to Transport oil or gas from lease, another copy of which is being forwarded to the McWood Corporation, Farmington.

Thank you for your cooperation, and if we may of service to you, please call on us.

Very truly yours,

OIL AND GAS CONSERVATION COMMISSION

Frederick C. Ryan, Acting Executive Secretary

FCR:mb Encl. IJ

CHEST DESCRIPTION OF THE PARTY

August 24, 1959

McWood Corporation Box 1702 Farmington, New Mexico

Gentlemen:

Transmitted herewith is your copy of the approved authorization to transport oil or gas from Texas Pacific Coal and Oil Company, Navajo Tribal #138-1, located in Section 11, T. 40 N., R. 28 E., Apache County, Arisons.

This authorization is valid until further notice to you by the Texas Pacific Coal and Oil Company, or until cancelled by the Oil and Gas Conservation Commission.

Very truly yours,

OIL AND GAS CONSERVATION COMMISSION

Frederick C. Ryan, Acting Executive Secretary

FCR:mb Encl.

WESTERN

otherwise this message will be sent at the full rate DEFERRED

CHARGE TO THE ACCOUNT OF NO. WDS.-CL. OF SVC. PD. OR COLL. CASH NO. OIL & GAS CONSERVATION COMMISSION Aug. 20, 1959

McWood Corporation Farmington, New Mexico

RE: TEXAS PACIFIC WELL NAVAJO TRACT 138 YOUR COMPANY

AUTHORIZED TO TRANSPORT ALL PRODUCTION EFFECTIVE THIS DATE PERIOD FORMAL AUTHORIZATION FOLLOWS BY MAIL.

ARIZONA OIL & GAS CONSERVATION COMMISSION

TEXAS PACIFIC COALAND DIL COMPANY

GENERAL OFFICES
FORT WORTH 1
TEXAS

August 14, 1959

State Land Commission State of Arizona Oil & Gas Conservation Phoenix, Arizona

Attention: Mr. Frederick C. Ryan

Re: Navajo Tract 138 Well No. 1 Section 11, Twp. 40 North, Range 28 East Apache County, Arizona

Gentlemen:

We are filing herewith the following on the subject well:

- 1. Form P-6 Potential Test and Request for Allowable-Oil Wells.
- 2. Form P-7 Well Completion or Recompletion Report and Well Log.
- 3. Form P-9 Well Status Report and Gas-Oil Ratio Tests.
- 4. Form P-12- Reservoir Pressure Report.
- 5. Form P-17- Operator's Certificate of Compliance and Authorization to Transport Oil or Gas from Lease.
 - 6. 1 Copy of each Survey Log marked "Confidential."
- 7. Plat of lease showing location of well and acreage dedicated to well.

Since this is a wildcat well, we suggest "DRY MESA" as field name.

We trust that the enclosed will comply with all State Regulations, and will appreciate receiving permission to produce and sell oil as soon as possible.

Yours very truly,

TEXAS PACIFICON. AND OIL COMPANY

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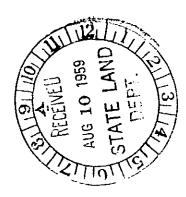
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TEXAS PACIFIC COALAND OIL COMPANY

13051

GENERAL OFFICES
FORT WORTH 1
TEXAS
August 7, 1959



State Land Department 422 Arizona State Office Building Phoenix, Arizona

Gentlemen:

We would appreciate your sending the following forms at your earliest convenience:

√50 - Form No. P-1 - Application to Drill, Deepen or Plug Back

Also PauAne

 $\sqrt{50}$ - Form No. P-6 - Potential Test & Request for Allowable - Oil Wells,

 $\sqrt{50}$ - Form No. P-7 - Well Completion or Recompletion Report and Well Log

√ 50 - Form No. P-9 - Well Status Report and Gas-Oil Ratio Tests

√50 - Form No. P-12 - Reservoir Pressure Report

√ 25 - Form No. P-15 - Plugging Record

P./i A

25 - Form No. P-17 - Operator's Certificate of Compliance &
Authorization to Transport Oil or Gas from Lease

100 - Form No. P-18 - Monthly Producers Report

25 - Form No. P-19 - Certificate for Load Oil Credit and Permit to Transport Recovered Load Oil

Yours very truly,

TEXAS PACIFIC COAL AND OIL COMPANY

Ву

W. E. Millier Clerk

W.E.Daniels:DK

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DOMESTIC SERVICE
Check the class of service desired; otherwise this message will be sent as a full rate telegram
FULL RATE TELEGRAM SERIAL DAY NIGHT LETTER LETTER

WESTERN UNION

Of Check the class of service desired; otherwise this message will be sent at the full rate

FULL DEFERRED

CODE RIGHT
LETTER

HO. WIDS.-CL. OF SVC. PD. OR COLL. CASH NO. CHARGE TO THE ACCOUNT OF TIME FILED

Oil & Gas Conservation Commission 8/5/59 AM

Send the following mexings, subject to the terms on back hereof, which are hereby agreed to

W. E. Daniels
Texas Pacific Coal & Oil Co.,
14th Floor, Ft. Worth Nat'l Bank Bldg.,
Fort Worth, Texas

THIS CONFIRMS VERBAL AUTHORIZATION BY OUR GEOLOGIST JOHNSON TO CLEAR TANKS YOUR NAVAJO 138-1 STOP MCWOOD AUTHORIZED TO TRANSPORT CLEARANCE PLEASE NOTIFY MCWOOD.

ARIZONA OIL AND GAS CONSERVATION COMMISSION

Phoned by Frederick C. Ryan - direct charge.

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TEXAS PACIFIC COALAND DIL COMPANY

GENERAL OFFICES
FORT WORTH 1
TEXAS
July 31, 1959

State Land Department State of Arizona Phoenix, Arizona

Attention: Mr. Frederick C. Ryan

Dear Sir:

Enclosed please find, in duplicate, Form O&G-52, Well Completion Report, and Form O&G-57, Producer's Certificate of Compliance and Authorization to Transport Oil or Gas from Drilling Unit, for our Navajo Tract 138 Well No. 1, Apache County, Arizona.

We are aware that new forms have been adopted, and have ordered a supply, but we are anxious to secure an allowable and permission to run oil. Therefore, we are using the old forms, and if you wish, we will refile on the new forms at a later date.

If anything further is needed, please advise.

Yours very truly,

TEXAS PACEFIC COAL AND OIL COMPANY

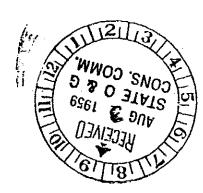
Ву

Vice President, Production

RWH: WED: DK

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May 13, 1959

Texas Pacific Coal & Oil Company P. O. Box 2110 Ft. Worth, Texas

Attention: D. A. Bonney, Manager of Production

Dear Mr. Bonney:

I am writing to acquaint you with the program for the collection of sample cuttings from wells drilled in Arizona and to request your cooperation in helping us carry out this program.

The overall policy of collecting and preserving sample cuttings is a joint program between the Arizona State Land Department, the U.S. Geological Survey Ground Water Branch, the Arizona Bureau of Mines, and the Museum of Northern Arizona.

Inasmuch as your particular concern is the drilling of an cil test well, I will confine my discussion to the phase of the program directly bearing on your operation.

Under the law it is mandatory that samples of cuttings and core chips taken at all intervals from all oil and gas test wells, as well as logs and other pertinent data, be filed with the State Land Commissioner within six months after the well is completed or abandoned.

The sample cuttings from all oil and gas test wells in Arizona are collected and cut to supply either two or three complete sets of samples, depending on the location of the well. All test wells in the northern part of the State (Plateau Uplands) are cut to make three complete sets: One set for the loan library at the State Land Department, Phoenix, Arizona; one set for the permanent library at the Arizona Bureau of Mines, University of Arizona, Tucson, Arizona; and one set for the Research Center, Museum of Morthern Arizona, Flagstaff, Arizona. All wells drilled in the southern part of the state (Basin and Range Lowlands are cut to make two complete sets: Gne set for the State Land Department and one set for the Arizona Bureau of Mines.

Control of the same of the sam

Texas Pacific Coal & Oil Company May 13, 1959 Page 2

Inasmuch as your well is located in the northern part of the State, a large enough sample of cuttings will be needed to make three complete sets.

Arrangements for handling the samples should be made directly through me or the State Land Department.

We sincerely appreciate your cooperation in this matter. If we can serve you in any way, please feel free to call on us.

Yery truly yours,

Phillip W. Johnson, Geologist

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CLASS OF SERVICE This is a fast message unless its deferred character is indicated by the

SYMBOLS DL=Day Letter NL=Night Letter

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1959 MAY 11 AM 11 01 FREDERICK C RYAN, OIL & GAS CONSERVATION=

Capital anne / ge. Blag.

REURLET MAY 8 1959 TEXAS PACIFIC COAL AND OIL COMPANY NAVAJO TRIBAL 138 APACHE COUNTY ARIZONA MODIFY INTENTION

TO DRILL AND PLAT TO SHOW 80 ACRE UNIT N/2 NE TEXAS PACIFIC COAL AND OIL CO D A BONNET ==

STATE LAND DET ARRANGE

8 1959 138 80 N/2 NE=

Nay 11, 1959

Texas Pacific Coal & Oil Company P. O. Box 2110 Ft. Worth, Texas

Attention: D. A. Bonney, Kanager of Production

Dear Mr. Bonney:

We wish to acknowledge receipt of your telegram received today in regard to your instructions that we modify your intention to drill and accompanying plat to show the N2NE2 (80 acres) of Section 11, Township 40 North, Range 28 East, Apache County, Arisona as your designated drilling unit.

We are inclosing herewith a copy of the approved intent, which constitutes your permit #77, and in addition, surplus copies for your files. The original of the approved permit is now on record with this office. We are also inclosing your receipt in the amount of \$25.00 covering permit fee.

We wish to thank you for your prompt attention in the matter, and if we may be of further service, please call on us.

> Very truly yours, STATE LAND COMMISSIONER

By: Frederick C. Ryan, Supervisor, Oil and Gas Conservation

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May 8, 1959

Texas Pacific Coal & Oil Company P. O. Box 2110 Ft. Worth, Texas

Attention: D. A. Bonney,

Manager of Production

Dear Mr. Bonney:

This is to acknowledge receipt of your letter of May 4th regarding your proposed Navajo Tribal #138-1, Apache County, Arizona. The material submitted is, with a minor exception, in good order and permit will be issued promptly as soon as the point is clarified.

Adoption of new Statewide Rules by the State Land Commissioner on April 6th changed the spacing rules to eighty acres from forty. Your location in the NENE of section 11 is regular under the new rules (Rule 105) but we do need to know whether the unit will be the N2NE or the E2NE.

With your permission and instruction, either written or by wire, we will modify your Intention to Drill form to indicate an eighty acre drilling unit and will designate on your submitted plat the specific eighty you wish to dedicate.

Transmitted herewith for your information and guidance is a copy of the new rules. In the meantime, we are taking the liberty of adding your name to the list of those requesting copies of all orders and hearing notices of the State Land Commissioner.

If there are any questions we shall be happy to help with them.

Very truly yours,
STATE LAND COMMISSIONER

By: Frederick C. Ryan, Supervisor, Oil and Gas Conservation

FCR:mb Encl. AIR MAIL

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TEXAS PACIFIC COALAND DIL COMPANY

GENERAL OFFICES
FORT WORTH 1
TEXAS

May 4, 1959

P.O. Box 2110

State Land Department State of Arizona 422 Arizona State Office Building Fhoenix, Arizona

Gentlemen:

We are filing herewith Form OG 51, Notice of Intention to Drill New Well, Form OG 50, Organization Report, and bond to drill a wildcat well to be known as Navajo Tribe of Indians Tract 138, Apache County, Arizona.

We are also enclosing one copy of USGS Form 9-331B. Also enclosed is check in the amount of \$25.00 to cover filing fee for drilling this well.

Yours very truly,

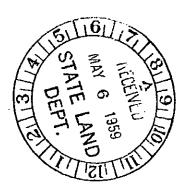
TEXAS PACIFIC BOAL AND OIL COMPANY

By

Manager of Production

D.A.Bonney:D:ss

Enclosures



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5% PENALTY OF RENTAL AMOUNT

TOTAL RENTAL AMOUNT PLUS PENALTY

10% INTEREST PER ANNUM OF RENTAL AMOUNT

AND PENALTY - NUMBER OF DAYS DELINQUENT (
TOTAL AMOUNT DUE INCLUDING PENALTY AND I

CASH RECEIVED

CASH RECEIVED SEE OTHER SIDE FOR LAW PERTAINING TO PENALTY AND INTEREST -- A. C. 1939, 11-307 401 35 GND Texas Pacific Coal & Oil Co., P. O. Box 2110 Pt. Worth 1, Texas CAPACITY CODE CODE CODE COUR DESCRIPTION IF PAYMENT IS MADE ON OR BEFORE THIS ×× Brilling Permit Application BALANCE DUE OR OVERPAYMENT HO. DAY Y#. BILLING DESCRIPTION MAY--6-59 **()** DATE BILLED ٨ STATE LAND DEPARTMENT STATE OFFICE BUILDING -- PHOENIX, ARIZONA 8 10 STATE OF ARIZONA 6275 BTAG ATE DUE 7.NOR DATE 0 D INTEREST . . `(\$ e79863 TOTAL ACRES STATEMENT RECEIPT OFFICE COPY ACRES Ck ---u la PAY THIS AMOUNT TOTAL PENALTY AND INTEREST KIND LEASE - BEFERENCE NO. 90 94 TOTAL AMOUNT 25,00 25 00 AMOUNT 77 25.00 Control of the second s

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